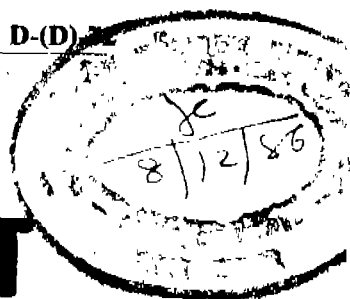




# भारत का राजपत्र The Gazette of India



असाधारण  
EXTRAORDINARY

भाग II—खण्ड 2  
PART II—Section 2

प्राधिकार से प्रकाशित  
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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन  
के रूप में रखा जा सके ।

Separate paging is given to this Part in order that it may be filed  
as a separate compilation

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 28th February, 1986:—

BILL No. 11 OF 1986

*A Bill to provide for the ownership of an individual apartment in a multi-storeyed building and of an undivided interest in the common areas and facilities appurtenant to such apartment and to make such apartment and interest heritable and transferable and for matters connected therewith or incidental thereto.*

WHEREAS with a view to securing that the ownership and control of the material resources of the community are so distributed as to subserve the common good, it is expedient to provide for the ownership of an individual apartment in a multi-storeyed building and of an undivided interest in the common areas and facilities appurtenant to such apartment, and to make such apartment and interest heritable and transferable and to provide for matters connected therewith or incidental thereto;

Be it enacted by Parliament in the Thirty-seventh Year of the Republic of India as follows:—

### CHAPTER I

#### PRELIMINARY

1. (1) This Act may be called the Delhi Apartment Ownership Act, 1986.
- (2) It extends to the whole of the Union territory of Delhi.

Short title,  
extent and  
commence-  
ment.

(3) It shall come into force on such date as the Administrator may, by notification in the Official Gazette, appoint.

Applica-  
tion.

2. The provisions of this Act shall apply to every apartment in a multi-storeyed building which was constructed mainly for residential or commercial or such other purposes as may be prescribed, by—

- (a) any group housing co-operative society; or
- (b) any other person or authority,

before or after the commencement of this Act and on a free hold land, or a lease hold land, if the lease for such land is for a period of thirty years or more:

Provided that, where a building constructed, whether before or after the commencement of this Act, on any land contains only two or three apartments, the owner of such building may, by a declaration duly executed and registered under the provisions of the Registration Act, 1908, indicate his intention to make the provisions of this Act applicable to such building, and on such declaration being made, such owner shall execute and register a Deed of Apartment in accordance with the provisions of this Act, as if such owner were the promoter in relation to such building.

16 of 1908

Defini-  
tions.

3. In this Act, unless the context otherwise requires,—

(a) "Administrator" means the Administrator of the Union territory of Delhi appointed by the President under article 239 of the Constitution;

(b) "allottee", in relation to an apartment, means the person to whom such apartment has been allotted, sold or otherwise transferred by the promoter;

(c) "apartment" means a part of any property, intended for any type of independent use, including one or more rooms or enclosed spaces located on one or more floors or any part or parts thereof, in a multi-storeyed building to be used for residence or office or for the practice of any profession, or for the carrying on of any occupation, trade or business or for such other type of independent use as may be prescribed, and with a direct exit to a public street, road or highway, or to a common area leading to such street, road or highway, and includes any garage or room (whether or not adjacent to the multi-storeyed building in which such apartment is located) provided by the promoter for use by the owner of such apartment for parking any vehicle or, as the case may be, for the residence of any domestic aide employed in such apartment;

(d) "apartment number" means the number, letter or combination thereof, designating an apartment;

(e) "apartment owner" means the person or persons owning an apartment and an undivided interest in the common areas and facilities appurtenant to such apartment in the percentage specified in the Deed of Apartment;

(f) "Association of Apartment Owners",—

(i) in relation to a multi-storeyed building not falling within sub-clause (ii), means all the owners of the apartments therein;

(ii) in the case of the multi-storeyed buildings in any area, designated as a block, pocket or otherwise, means all the owners of the apartments in such block, pocket or other designated area, acting as a group in accordance with the bye-laws;

(g) "authority" includes any authority constituted or established by or under any law for the time being in force;

(h) "Board" means the Board of Management of an Association of Apartment Owners elected by its members under the bye-laws;

(i) "bye-laws" means the bye-laws made under this Act;

(j) "common areas and facilities", in relation to a multi-storeyed building, means—

(i) the land on which such building is located and all easements, rights and appurtenances belonging to the land and the building;

(ii) the foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire-escapes and entrances and exits of the building;

(iii) the basements, cellars, yards, gardens, parking areas, shopping centres, schools and storage spaces;

(iv) the premises for the lodging of janitors or persons employed for the management of the property;

(v) installations of central services, such as, power, light, gas, hot and cold water, heating, refrigeration, air conditioning, incinerating and sewerage;

(vi) the elevators, tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use;

(vii) such other community and commercial facilities as may be prescribed; and

(viii) all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use;

(k) "common expenses" means—

(i) all sums lawfully assessed against the apartment owners by the Association of Apartment Owners for meeting the expenses of administration, maintenance, repair or replacement of the common areas and facilities;

(ii) expenses declared as common expenses by the provisions of this Act or by the bye-laws, or agreed upon by the Association of Apartment Owners;

(l) "common profits" means the balance of all income, rents, profits and revenues from the common areas and facilities remaining after the deduction of the common expenses;

(m) "competent authority" means—

(i) a Secretary in the Delhi Administration, or

(ii) the Vice-Chairman of the Delhi Development Authority, or

(iii) the Land and Development Officer of the Central Government,

who may be authorised by the Administrator, by notification in the Official Gazette, to perform the functions of the competent authority under this Act;

(n) "Deed of Apartment" means the Deed of Apartment referred to in section 13;

(o) "Delhi" means the Union territory of Delhi;

(p) "joint family" means a Hindu undivided family, and in the case of other persons, a group or unit, the members of which are by custom, joint in possession or residence;

(q) "limited common areas and facilities" means those common areas and facilities which are designated in writing by the promoter before the allotment, sale or other transfer of any apartment as reserved for use of certain apartment or apartments to the exclusion of the other apartments;

(r) "Manager" means the Manager of an Association of Apartment Owners appointed under the bye-laws;

(s) "multi-storeyed building" means a building constructed on any land, containing four or more apartments, or two or more buildings in any area designated as a block, pocket or otherwise, each containing two or more apartments, with a total of four or more apartments in all such buildings, and includes a building containing two or three apartments in respect of which a declaration has been made under the proviso to section 2;

(t) "owner", in relation to an apartment, includes, for the purposes of this Act, a lessee of the land on which the building containing such apartment has been constructed, where the lease of such land is for a period of thirty years or more;

(u) "person" includes a firm and a joint family, and also includes a group housing co-operative society;

(v) "prescribed" means prescribed by rules made under this Act;

(w) "promoter" means the authority, person or co-operative society, as the case may be, by which, or by whom any multi-storeyed building has been constructed;

(x) "property" means the land, the multi-storeyed building, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

## CHAPTER II

## OWNERSHIP, HERITABILITY AND TRANSFERABILITY OF APARTMENTS

4. (1) Every person to whom any apartment is allotted, sold or otherwise transferred by the promoter, on or after the commencement of this Act, shall, save as otherwise provided in section 6, and subject to the other provisions of this Act, be entitled to the exclusive ownership and possession of the apartment so allotted, sold or otherwise transferred to him:

Owner-  
ship of  
apart-  
ments.

(2) Every person to whom any apartment was allotted, sold or otherwise transferred by the promoter before the commencement of this Act shall, save as otherwise provided under section 6 and subject to the other provisions of this Act, be entitled, on and from such commencement, to the exclusive ownership and possession of the apartment so allotted, sold or otherwise transferred to him.

(3) Every person who becomes entitled to the exclusive ownership and possession of an apartment under sub-section (1) or sub-section (2) shall be entitled to such percentage of undivided interest in the common areas and facilities as may be specified in the Deed of Apartment and such percentage shall be computed by taking, as a basis, the value of the apartment in relation to the value of the property.

(4) (a) The percentage of the undivided interest of each apartment owner in the common areas and facilities shall have a permanent character, and shall not be altered without the written consent of all the apartment owners;

(b) the percentage of the undivided interest in the common areas and facilities shall not be separated from the apartment to which it appertains and shall be deemed to be conveyed or encumbered with the apartment, even though such interest is not expressly mentioned in the conveyance or other instrument.

(5) The common areas and facilities shall remain undivided and no apartment owner or any other person shall bring any action for partition or division of any part thereof, and any covenant to the contrary shall be void.

(6) Each apartment owner may use the common areas and facilities in accordance with the purposes for which they are intended without hindering or encroaching upon the lawful rights of the other apartment owners.

(7) The necessary work relating to maintenance, repair and replacement of the common areas and facilities and the making of any additions or improvements thereto, shall be carried out only in accordance with the provisions of this Act and the bye-laws.

(8) The Association of Apartment Owners shall have the irrevocable right, to be exercised by the Board or Manager, to have access to each apartment from time to time during reasonable hours for the maintenance, repairs or replacement of any of the common areas or facilities therein, or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the common areas and facilities or to any other apartment or apartments.

Apartment to be heritable and transferable.

5. Subject to the provisions of section 6, each apartment, together with the undivided interest in the common areas and facilities appurtenant to such apartment, shall, for all purposes constitute as a heritable and transferable immovable property within the meaning of any law for the time being in force, and accordingly, an apartment owner may transfer his apartment and the percentage of undivided interest in the common areas and facilities appurtenant to such apartment by way of sale, mortgage, lease, gift, exchange or in any other manner whatsoever in the same manner, to the same extent and subject to the same rights, privileges, obligations, liabilities, investigations, legal proceedings, remedy and to penalty, forfeiture or punishment as any other immovable property or make a bequest of the same under the law applicable to the transfer and succession of immovable property:

Provided that where the allotment, sale or other transfer of any apartment has been made by any group housing co-operative society in favour of any member thereof, the transferability of such apartment and all other matters shall be regulated by the law applicable to such group housing co-operative society.

Ownership of apartment subject to conditions.

6. Where any allotment, sale or other transfer of any apartment has been made, whether before or after the commencement of this Act, in pursuance of any promise of payment, or part payment, of the consideration thereof, the allottee or transferee, as the case may be, shall not become entitled to the ownership and possession of that apartment or to a percentage of undivided interest in the common areas and facilities appurtenant to such apartment, until full payment has been made of the consideration thereof together with interest, if any due thereon, and where any such allottee or transferee has been inducted into the possession of such apartment or any part thereof in pursuance of such allotment or transfer, he shall, until the full payment of the consideration has been made, continue to remain in possession thereof on the same terms and conditions on which he was so inducted into possession of such apartment or part thereof.

Compliance with the covenants and bye-laws.

7. Each apartment owner shall comply strictly with the bye-laws and with the covenants, conditions and restrictions set forth in the Deed of Apartment, and failure to comply with any of them shall be a ground for action to recover sums due for damages, or for injunctive relief, or both, by the Manager or Board on behalf of the Association of Apartment Owners, or, in a proper case, by an aggrieved apartment owner.

Right of re-entry

8. (1) Where any land is given on lease by a person (hereafter in this section referred to as the lessor) to another person (hereafter in this section referred to as the lessee, which term shall include a person in whose favour a sub-lease of such land has been granted), and any multi-storeyed building has been constructed on such lease-hold land by the lessee or by any other person authorised by him or claiming through him, such lessee shall grant in respect of the land as many sub-leases as there are apartments in such multi-storeyed building and shall execute

separate deeds of sub-lease in respect of such land in favour of each apartment owner,—

(a) in the case of a multi-storeyed building constructed before the commencement of this Act, within three months from such commencement, or

(b) in the case of a multi-storeyed building constructed after the commencement of this Act, within three months from the date on which the possession of any apartment in such multi-storeyed building is delivered to him:

Provided that no sub-lease in respect of any land shall be granted except on the same terms and conditions on which the lease in respect of the land has been granted by the lessor and no additional terms and conditions shall be imposed by the lessee except with the previous approval of the lessor.

(2) Where the lessee has any reason to suspect that there had been any breach of the terms and conditions of the sub-lease referred to in sub-section (1), he may himself inspect the land on which the multi-storeyed building containing the concerned apartment has been constructed, or may authorise one or more persons to inspect such land and make a report as to whether there had been any breach of the terms and conditions of any sub-lease in respect of such land and, if so, the nature and extent of such breach, and for this purpose, it shall be lawful for the lessee or any person authorised by him to enter into, and to be in, the land in relation to which such breach has been or is suspected to have been committed.

(3) Where the lessee or any person authorised by him makes an inspection of the land referred to in sub-section (1), he shall record in writing his findings on such inspection [a true copy of which shall be furnished to the apartment owner by whom such breach of the terms and conditions of sub-lease in respect of the land appurtenant to the apartment owned by him has been committed (hereinafter referred to as the defaulting apartment owner)] and where such findings indicate that there had been any breach of the terms and conditions of the sub-lease in respect of such land, the lessee may, by a notice in writing, require the defaulting apartment owner to refrain from committing any breach of the terms and conditions of the sub-lease in respect of such land, or to pay in lieu thereof such composition fees as may be specified in the notice in accordance with such scales of composition fees as may be prescribed.

(4) The defaulting apartment owner who is aggrieved by any notice served on him by the lessee under sub-section (3) may, within thirty days from the date of service of such notice, prefer an appeal to the Court of the District Judge having jurisdiction (hereinafter referred to as the District Court), either challenging the finding of the lessee or any person authorised by him or disputing the amount of composition fees as specified in the notice, and the District Court may, after giving the parties a reasonable opportunity of being heard, confirm, alter or reverse those findings or may confirm, reduce or increase the amount of composition fees or set aside the notice.

(5) Where, on the breach of any terms and conditions of any sub-lease in respect of any land, any composition fees become payable, the defaulting apartment owner shall be deemed to have been guilty of such breach and in default of payment thereof it shall be lawful for the lessee to recover the amount of the composition fees from the defaulting apartment owner as an arrear of land revenue.

(6) Where any composition fees are paid whether in pursuance of the notice served under sub-section (3) or in accordance with the decision of the District Court or a higher court on appeal, no further action shall be taken by the lessee for the breach of the terms and conditions of the sub-lease in respect of the land in relation to which payment of such composition fees has been made.

(7) If the defaulting apartment owner omits or fails to refrain from committing any breach of the terms and conditions of the sub-lease in respect of the land or, as the case may be, omits or fails to pay the composition fees in lieu thereof—

(i) in accordance with the notice issued by the lessee under sub-section (3), or

(ii) where the findings of the lessee or the person authorised to inspect the land about any breach of the terms and conditions of any sub-lease in respect of the land or the amount of composition fees specified in the notice issued by the lessee are altered by the District Court on appeal or by any higher court on further appeal, in accordance with the decision of the District Court or such higher court, as the case may be,

the lessee shall be entitled,—

(a) where no appeal has been preferred under sub-section (4), within sixty days from the date of service of the notice under sub-section (3), or

(b) where an appeal has been preferred under sub-section (4), within sixty days from the date on which the appeal is finally disposed of by the District Court or, where any further appeal is preferred to a higher court, by such higher court,

to exercise the right of re-entry in respect of the undivided interest of the lessee in the land appurtenant to the apartment owned by the defaulting apartment owner, and where such right of re-entry cannot be exercised except by the ejectment of the defaulting apartment owner from his apartment, such right of re-entry shall include a right to eject the defaulting apartment owner from the concerned apartment:

Provided that no such ejectment shall be made unless the defaulting apartment owner has been paid by the lessee such amount as compensation for such ejectment as may be determined in accordance with the prescribed scales of compensation.

(8) No appeal preferred under sub-section (4) shall be admitted, unless twenty-five per cent. of the composition fees specified in the notice served on the defaulting apartment owner has been deposited to the credit of the District Court in savings bank account to be opened by the District Court in any branch of an approved bank:



Provided that the District Court may, on sufficient cause being shown, either remit or reduce the amount of such deposit, and the interest accruing on such deposit, shall enure to the credit of defaulting apartment owner by whom such deposit has been made:

Provided further that the amount of such deposit together with the interest due thereon shall be distributed by the District Court in accordance with the decision in such appeal, or where any further appeal has been preferred against such decision, in accordance with the decision in such further appeal.

(9) The defaulting apartment owner, who is aggrieved by the amount offered to be paid to him under the proviso to sub-section (7) as compensation for ejectment from his apartment may, within thirty days from the date of such offer, prefer an appeal to the District Court and the District Court may, after giving the parties a reasonable opportunity of being heard, maintain, increase or reduce the amount of compensation.

(10) On the ejectment of the defaulting apartment owner from the apartment under sub-section (7), the lessee by whom such ejectment has been made may make a fresh allotment of the concerned apartment to any other person on such terms and conditions as he may think fit:

Provided that the consideration for such fresh allotment shall not be more than the amount which has been paid to the defaulting apartment owner as compensation.

(11) Where any lessee omits or fails to take any action either in accordance with the provisions of sub-section (2) or sub-section (3) or sub-section (7), the lessor may, in the first instance, require the lessee by a notice in writing to take action against the defaulting apartment owner under sub-section (2) or sub-section (3) or, as the case may be, under sub-section (7), within a period of ninety days from the date of service of such notice, and in the event of the omission or failure of the lessee to do so within such period, the lessor may himself take action as contained in sub-section (2) or sub-section (3) or sub-section (7), and the provisions of sub-section (4) to sub-section (6) and sub-section (8) to sub-section (10), shall, as far as may be, apply to any action taken by him as if such action had been taken by the lessee.

(12) For the removal of doubts, it is hereby declared that no work in any apartment by the owner thereof shall be deemed to be a breach of the terms of the sub-lease in respect of the land on which the multi-storeyed building containing such apartment has been constructed unless the work is prohibited by section 11.

*Explanation.*—In this section, “approved bank” means the State Bank of India constituted under section 3 of the State Bank of India Act, 1955, or a subsidiary bank constituted under section 3 of the State Bank of India (Subsidiary Banks) Act, 1959, or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.

23 of 1955.  
38 of 1959.  
5 of 1970.  
40 of 1980.

Purchasers or persons taking lease of apartments from apartment owners to execute an undertaking.

9. Notwithstanding anything contained in the Transfer of Property Act, 1882, or in any other law for the time being in force, any person acquiring any apartment from any apartment owner by gift, exchange, purchase or otherwise, or taking lease of an apartment from an apartment owner for a period of thirty years or more, shall,—

4 of 1882.

(a) in respect of the said apartment, be subject to the provisions of this Act; and

(b) execute and register an instrument in such form, in such manner and within such period as may be prescribed giving an undertaking to comply with the covenants, conditions and restrictions, subject to which such apartment is owned by the apartment owner aforesaid.

Benami-dar of the apartment to be deemed to be the real owner.

10. If any apartment is acquired by any person, whether by allotment, sale or otherwise with the consideration thereof paid or provided by another person, the acquirer shall, notwithstanding anything contained in the Transfer of Property Act, 1882, or in the Indian Trusts Act, 1882 or in any other law for the time being in force, be deemed to be the real owner of such apartment, and no court shall entertain any claim of the person paying or providing such consideration for title to such apartment on the ground that the acquisition of the apartment was made on behalf of such person or on behalf of someone through whom such person claims.

4 of 1882.

2 of 1882.

Certain works prohibited.

11. No apartment owner shall do any work which would be prejudicial to the soundness or safety of the property or reduce the value thereof or impair any easement or hereditament or shall add any material structure or excavate any additional basement or cellar without first obtaining the consent of all the other apartment owners.

*Explanation.*—In this section, reference to apartment owners shall be construed, in relation to a multi-storeyed building in any block, pocket or other designated area, the apartment owners of the concerned multi-storeyed building in such block, pocket or other designated area.

Encumbrances against apartments.

12. (1) The owner of each apartment may create any encumbrance, only against the apartment owned by him and the percentage of the undivided interest in the common areas and facilities appurtenant to such apartment in the same manner and to the same extent as may be created in relation to any other separate parcel of property subject to individual ownership:

Provided that where any such encumbrance is created, the apartment in relation to which such encumbrance has been created shall not be partitioned or sub-divided.

(2) No labour performed or material furnished with the consent, or at the request, of an apartment owner or his agent or his contractor or sub-contractor, shall be the basis for a charge or any encumbrance under the provisions of the Transfer of Property Act, 1882, against the apartment or property of any other apartment owner not expressly consenting to, or requesting the same, except that such express consent shall be deemed to be given by the other apartment owner in the case of emergency repairs thereto.

4 of 1882.

(3) The labour performed and material furnished for the common areas and facilities, if duly authorised by the Association of Apartment Owners in accordance with the provisions of this Act, or the bye-laws, shall be deemed to be performed or furnished with the express consent of each apartment owner and shall be the basis for a charge or encumbrance under the Act aforesaid against each of the apartments and shall be subject to the provisions of sub-section (4).

(4) In the event of a charge or any encumbrance against two or more apartments becoming effective, the apartment owners of the separate apartments may remove their apartments and the percentage of undivided interest in the common areas and facilities appurtenant to such apartments from the charge or encumbrance on payment of the fractional or proportional amounts attributable to each of the apartments affected and on such payment, the apartment and the percentage of undivided interest in the common areas and facilities appurtenant thereto shall be free of the charge or encumbrance so removed:

Provided that such partial payment shall not prevent the person having a charge or any of the encumbrances from proceeding to enforce the rights, in relation to the amount not so paid, against any other apartment and the percentage of undivided interest in the common areas and facilities appurtenant to such apartment.

(5) On any such payment, discharge or other satisfaction, referred to in sub-section (4), the apartment and the percentage of undivided interest in the common areas and facilities appurtenant thereto shall be free and clear of the charge or encumbrance, so paid, satisfied or discharged.

### CHAPTER III

#### DEED OF APARTMENT AND ITS REGISTRATION

13. (1) Whenever any allotment, sale or other transfer of any apartment is made, the promoter shall,—

Contents  
of  
Deed of  
Apartment.

(a) in the case of an allotment, sale or other transfer made after the commencement of this Act, within three months from the date of such allotment, sale or other transfer, or

(b) in the case of any allotment, sale or other transfer made before the commencement of this Act, within six months from the date of such commencement,

execute a Deed of Apartment containing the following particulars, namely:—

- (i) the name of the allottee,
- (ii) description of the land on which the building and the common areas and facilities are located; and whether the land is freehold or leasehold, and if leasehold, the period of such lease,
- (iii) a set of floor plans of the multi-storeyed building showing the lay-out and location, number of apartments and bearing a verified statement of an architect certifying that it is an accurate copy of the portions of the plans of the building as filed with, and approved by, the local authority within the jurisdiction of which the building is located,

(iv) description of the multi-storeyed building, stating the number of storeys and basements, the number of apartments in that building and the principal materials of which it is constructed,

(v) the apartment number, or statement of the location of the apartment, its approximate area, number and dimension of rooms, and immediate common area to which it has access, and any other data necessary for its proper identification,

(vi) description of the common areas and facilities and the percentage of undivided interest appertaining to the apartment in the common areas and facilities,

(vii) description of the limited common areas and facilities, if any, stating to which apartments their use is reserved,

(viii) value of the property and of each apartment, and a statement that the apartment and such percentage of undivided interest are not encumbered in any manner whatsoever on the date of execution of the Deed of Apartment,

(ix) statement of the purposes for which the building and each of the apartments are intended and restricted as to use,

(x) the name of the person to receive service of process, together with the particulars of the residence or place of business of such person,

(xi) provision as to the percentage of votes by the apartment owners which shall be determinative of whether to rebuild, repair, restore, or sell the property in the event of damage or destruction of all or any part of the property:

Provided that the competent authority may, if it is satisfied that the promoter was prevented by sufficient cause from executing the Deed of Apartment in relation to any apartment within the period of three months, or six months, as the case may be, permit the promoter to execute such Deed of Apartment within such further period, not exceeding six months, as it may specify.

**(2) The promoter shall—**

(a) file in the office of the competent authority, and

(b) deliver to the concerned allottee or transferee, as the case may be,

**a certified copy of each Deed of Apartment as registered under section 14.**

(3) Whenever any transfer of any apartment is made by the owner thereof, whether by sale, lease, mortgage, exchange, gift or otherwise, the transferor shall deliver to the transferee the certified copy of the Deed of Apartment delivered to him under sub-section (2) after making an endorsement thereon as to the name, address and other particulars of the transferee, to enable the transferee to get the endorsement on the certified copy of the Deed of Apartment registered in accordance with the provisions of section 14.

(4) Whenever any succession takes place to any apartment or part thereof, the successor shall, within a period of six months from the date of such succession, make an application to the competent authority for recording such succession on the certified copy of the Deed of Apartment in relation to the concerned apartment, and, if there is any dispute as to the succession to the apartment, the competent authority shall decide the same, and for this purpose, such authority shall have the powers of a civil court, while trying a suit, and its decision shall have effect of a decree and shall be appealable as if it were a decree passed by the principal civil court of original jurisdiction.

(5) Whenever any succession to an apartment has been recorded by the competent authority under sub-section (4), such authority shall send a true copy of such record, to the concerned Registrar for registration thereof in accordance with the provisions of section 14.

(6) For the removal of doubts, it is hereby declared that the provisions of this section shall be in addition to, and not in derogation of, the provisions of any other law, for the time being in force, relating to the transfer of immovable property.

14. (1) Every Deed of Apartment and every endorsement thereon relating to the transfer of the apartment shall be deemed to be a document which is compulsorily registrable under the Registration Act, 1908 and shall be registered with the Registrar accordingly, and the words and expressions used in this section but not defined in this Act, shall have the meanings respectively assigned to them in the Registration Act, 1908.

Registra-  
tion of  
Deed of  
Apartment.

16 of 1908

(2) In all registration offices, a book called "Register of Deeds of Apartments under the Delhi Apartment Ownership Act, 1986" and an index relating thereto shall be kept in such form and shall contain such particulars as may be prescribed.

(3) Whenever any endorsement on a Deed of Apartment is registered, the concerned Registrar shall forward a certified copy thereof to the competent authority to enable that authority to make necessary entries in the certified copy of the concerned Deed of Apartment filed with it under sub-section (2) of section 13.

(4) Any person acquiring any apartment shall be deemed to have notice of the contents of the Deed of Apartment and the endorsement, if any, thereon as from the date of its registration under this section.

#### CHAPTER IV

##### ASSOCIATION OF APARTMENT OWNERS AND BYE-LAWS FOR THE REGULATION OF THE AFFAIRS OF SUCH ASSOCIATION

15. (1) There shall be an Association of Apartment Owners for the administration of the affairs in relation to the apartments and the property appertaining thereto and for the management of common areas and facilities:

Associa-  
tion of  
Apartment  
Owners  
and  
bye-laws  
relating  
thereto.

Provided that where any area has been demarcated for the construction of multi-storeyed buildings, whether such area is called a block or pocket or by any other name, there shall be a single Association of Apartment Owners in such demarcated area.

(2) The Administrator may, by notification in the Official Gazette, frame model bye-laws in accordance with which the property referred to in sub-section (1) shall be administered by the Association of Apartment Owners and every such Association shall, at its first meeting, make its bye-laws in accordance with the model bye-laws so framed, and in making its bye-laws the Association of Apartment Owners shall not make any departure from, variation of, addition to, or omission from, the model bye-laws aforesaid except with the prior approval of the Administrator and no such approval shall be given if, in the opinion of the Administrator, such departure, variation, addition or omission will have the effect of altering the basic structure of the model bye-laws framed by him.

(3) The model bye-laws framed under sub-section (2) shall provide for the following, among other matters, namely:—

(a) the manner in which the Association of Apartment Owners is to be formed;

(b) the election, from among apartment owners, of a Board of Management by the members of the Association of Apartment Owners;

(c) the number of apartment owners constituting the Board, the composition of the Board and that one-third of members of the Board shall retire annually;

(d) the powers and duties of the Board;

(e) the honorarium, if any, of the members of the Board;

(f) the method of removal from office of the members of the Board;

(g) the powers of the Board to engage the services of a Manager;

(h) delegation of powers and duties of the Board to such Manager;

(i) method of calling meetings of the Association of Apartment Owners and the number of members of such Association who shall constitute a quorum for such meetings;

(j) election of a President of the Association of Apartment Owners from among the apartment owners, who shall preside over the meetings of the Board and of the Association of Apartment Owners;

(k) election of a Secretary to the Association of Apartment Owners from among the apartment owners, who shall be an *ex officio* member of the Board and shall keep two separate minutes books, one for the Association of Apartment Owners and the other for the Board, pages of each of which shall be consecutively numbered and authenticated by the President of the Association of Apartment Owners, and shall record, in the respective minutes books, the resolutions adopted by the Association of Apartment Owners or the Board, as the case may be;

(l) election of a Treasurer from among the apartment owners, who shall keep the financial records of the Association of Apartment Owners as also of the Board;

(m) maintenance, repair and replacement of the common areas and facilities and payment therefor;

(n) manner of collecting from the apartment owners or any other occupant of apartments, share of the common expenses;

(o) resignation and removal of persons employed for the maintenance, repair and replacement of the common areas and facilities;

(p) restrictions with regard to the use and maintenance of the apartments and the use of the common areas and facilities, as may be necessary to prevent unreasonable interference in the use of each apartment and of the common areas and facilities by the several apartment owners;

(q) any matter which may be required by the Administrator to be provided for in the bye-laws for the proper or better administration of the property;

(r) such other matters as are required to be, or may be, provided for in the bye-laws.

(4) The bye-laws framed under sub-section (2) may also contain provisions, not inconsistent with this Act,—

(a) enabling the Board to retain certain areas of the building for commercial purposes and to grant lease of the areas so retained, and to apply the proceeds of such lease for the reduction of the common expenses for maintaining the building, common areas and facilities, and if any surplus is left after meeting such expenses, to distribute such surplus to the apartment owners as income;

(b) relating to the audit of the accounts of the Association of Apartment Owners and of the Board, and of the administration of the property;

(c) specifying the times at which and the manner in which annual general meetings and special general meetings of the Association of Apartment Owners shall be held and conducted;

(d) specifying the time at which and the manner in which, the annual report relating to the activities of the Association of Apartment Owners shall be submitted;

(e) specifying the manner in which the income derived and expenditure incurred by the Association of Apartment Owners shall be dealt with, or as the case may be, accounted for.

16. (1) The Board or Manager—

Insurance.

(a) shall have, if requested so to do by a mortgagee having a first mortgage covering an apartment, the authority to, and

(b) shall, if required so to do by the bye-laws or by a majority of the apartment owners,

obtain insurance for the property against loss or damage by fire or other hazards under such terms and for such amounts as shall be so requested or required.

(2) Such insurance coverage shall be written on the property in the name of such Board or Manager as trustee for each of the apartment owners in the percentages specified in the bye-laws.

(3) The premia payable in respect of every such insurance shall be common expenses.

(4) The provisions of sub-sections (1) to (3) shall be without prejudice to the right of each of the apartment owner to insure his own apartment for his benefit.

Dispos-  
sition of  
property,  
destruc-  
tion or  
damage.

17. If within sixty days of the date of damage or destruction to all, or part of any property, or within such further time as the competent authority may, having regard to the circumstances of the case, allow, the Association of Apartment Owners does not determine to repair, reconstruct or re-build such property, then, and in that event,—

(a) the property shall be deemed to be owned in common by the apartment owners;

(b) the undivided interest in the property owned in common, which shall appertain to each apartment owner, shall be the percentage of the undivided interest previously owned by such owner in the common areas and facilities;

(c) any incumbrances affecting any of the apartments shall be deemed to be transferred in accordance with the existing priority to the percentage of the undivided interest of the apartment owner in the property;

(d) the property shall be subject to an action for partition at the suit of any apartment owner in which event, the net proceeds of sale together with the net proceeds of the insurance on the property, if any, shall be considered as one fund and shall be divided amongst all the apartment owners in the percentage equal to the percentage of undivided interest owned by each apartment owner in the property after paying out, all the respective shares of the apartment owners to the extent sufficient for the purpose and all charges on the undivided interest in the property owned by each apartment owner.

Action.

18. (1) Without prejudice to the rights of any apartment owner, action may be brought by the Board or Manager, in either case in the discretion of the Board on behalf of two or more of the apartment owners as their respective interest may appear, with respect to any cause of action relating to the common areas and facilities or more than one apartment.

(2) The service of process on two or more apartment owners in any action relating to the common areas and facilities or more than one apartment may be made on the person, designated in the bye-laws to receive service of process.



## CHAPTER V

## COMMON PROFITS, COMMON EXPENSES AND OTHER MATTERS

19. (1) The common profits of the property shall be distributed among, and the common expenses shall be charged to, the apartment owners according to the percentage of the undivided interest of the apartment owners in the common areas and facilities.

Common profits, common expenses and other matters.

(2) Where the apartment owner is not in the occupation of the apartment owned by him, the common expenses payable by such apartment owner may be recovered from the person in the occupation of the apartment.

20. No apartment owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use of enjoyment of any of the common areas and facilities, or by the abandonment of his apartment.

Apartment owner not to be exempt from liability for contribution by waiver of the use of the common areas and facilities.

21. All sums assessed by the Association of Apartment Owners, but unpaid for the share of the common expenses chargeable to any apartment, shall constitute a charge on such apartment prior to all other charges except only—

Common expenses to be a charge on the apartment.

(i) the charge, if any, on the apartment for payment of Government and municipal taxes; and

(ii) all the sums unpaid on a first mortgage of the apartment.

22. (1) Notwithstanding anything to the contrary contained in any law relating to local authorities, each apartment and its percentage of undivided interest in the common areas and facilities appurtenant to such apartment (including an apartment in respect of which the provisions of this Act were applied under the proviso to section 2) shall be deemed to be separate property for the purpose of assessment of tax on lands and buildings leviable under such law and shall be assessed and taxed accordingly; and for this purpose a local authority shall make suitable regulations to carry out the provisions of this section.

Separate assessments.

(2) Neither the multi-storeyed building nor the property nor the common areas and facilities referred to in sub-section (1), shall be deemed to be separate properties for the purpose of the levy of such taxes.

Joint and several liability of vendor, etc., for unpaid common expenses.

23. (1) Upon the sale, bequest or other transfer of an apartment, the purchaser of the apartment or the grantee or legatee or the transferee, as the case may be, shall be jointly and severally liable with the vendor or the transferor for all unpaid assessments against the vendor or transferor for his share of the common expenses up to the time of the sale, bequest or other transfer, without prejudice to the right of the purchaser, grantee, legatee or transferee to recover from the vendor or the transferor any amount paid by the purchaser, grantee, legatee or transferee therefor.

(2) Any purchaser, grantee, legatee or transfers referred to in sub-section (1) shall be entitled to a statement from the Board or Manager setting forth the amount of the unpaid assessment against the vendor or transferor, as the case may be, and such purchaser, grantee, legatee or transferee shall not be liable for, nor shall the apartment be sold subject to a charge for any unpaid share of common expenses against such apartment accrued prior to such sale, bequest or other transfer, in excess of the amount set forth in the statement.

## CHAPTER VI

### MISCELLANEOUS

Act to be binding on apartment owners, tenants, etc.

24. (1) The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any contract, undertaking or other instrument and all apartment owners, tenants of owners, employees of owners and tenants, or any other person who may, in any manner, use the property or any part thereof to which this Act applies, shall be subject to the provisions of this Act and the bye-laws and the rules made thereunder.

(2) All agreements, divisions and determinations lawfully made by the Association of Apartment Owners in accordance with the provisions of this Act and the bye-laws shall be deemed to be binding on all apartment owners.

Power to exempt stamp duty, registration fee and court fees and power to refund.

25. (1) The Central Government may, by notification in the Official Gazette, reduce or remit, whether prospectively or retrospectively from a date not earlier than the date of commencement of this Act,—

(a) the stamp duty with which, under any law relating to stamp duty for the time being in force, instruments or documents executed by or on behalf of a promoter, apartment owner or Association of Apartment Owners relating to any of the purposes of this Act are respectively chargeable;

(b) any fee payable by or on behalf of any promoter, apartment owner or Association of Apartment Owners in relation to instruments or documents referred to in clause (a) under any law relating to registration of documents or to court fees, for the time being in force,

and which the Central Government is competent to levy.

(2) The Central Government may refund the amount of any duty or fee paid in pursuance of any law referred to in sub-section (1) in such circumstances, to such extent and subject to such terms and conditions, if any, as that Government may, by order, determine.

4 of 1882.

26. For the removal of doubts, it is hereby declared that the provisions of the Transfer of Property Act, 1882, shall, in so far as they are not inconsistent with the provisions of this Act, apply to the transfer of any apartment, together with its undivided interest in the common areas and facilities appurtenant thereto, made by the owner of such apartment, whether such transfer is made by sale, lease, mortgage, exchange, gift or otherwise, as they apply to the transfer of any immovable property.

Removal  
of  
doubts.

27. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.

Power to  
make  
rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the purposes, other than the purposes specified in section 2, for which any multi-storeyed building may be utilised;

(b) the type of independent uses, other than the uses specified in clause (c) of section 3, which may be made of an apartment;

(c) the community and commercial facilities which may be included in common areas and facilities under sub-clause (vii) of clause (j) of section 3;

(d) the scales of composition fees which may be paid under section 8 for the breach of the terms and conditions of any lease or sub-lease;

(e) the scales in accordance with which compensation, to be paid for the ejectment of an apartment owner from his apartment, shall be determined as required by sub-section (7) of section 8;

(f) the form and manner in which, and the period within which, an instrument referred to in clause (b) of section 9, shall be executed and registered;

(g) the form in which the Register of Deeds of Apartments under the Delhi Apartment Ownership Act, 1986 and the index relating thereto shall be kept and the particulars which such Register shall contain as required by sub-section (2) of section 14;

(h) any other matter which is required to be, or may be, prescribed.

(3) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

### STATEMENT OF OBJECTS AND REASONS

The Delhi Apartment Ownership Bill, 1986 seeks to achieve the object of enabling the conferment of heritable and transferable right in an apartment including its proportionate and undivided interest in land and other common areas. The scarcity of land in Delhi because of very rapid urbanisation has led to a vertical growth of buildings. Multi-storeyed residential buildings, integrated development of commercial institutional and industrial areas and flatted factories have resulted in a marked increase in the number of multi-storeyed buildings in Delhi containing a number of apartments, sharing land and other common facilities. In the case of flats constructed by agencies like the Delhi Development Authority, while the super-structure is conveyed to the allottee, the land is conveyed to a registered agency and the allottees jointly which, apart from separating the ownership of land and super-structures, interposes the registered agency in future transfers of properties. In the case of co-operative societies, difficulties are experienced in obtaining loans in the absence of a mortgageable title in an apartment constructed on indivisible land, the title to which rests in the society. The existing arrangements also involve the intervention of the Government and agencies like the Delhi Development Authority in the litigation or dispute regarding management of common areas which arise between the lessees and the buyers of the apartments. The legislation therefore proposes to meet the persistent demand for statutory recognition of an apartment as a unit of property, capable of transfer and for a statutory organisation clothed with adequate powers for management of common areas in multi-storeyed buildings.

NEW DELHI;

ABDUL GHAFOOR.

*The 27th January, 1986.*

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### PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. J-20011/8/77-LII, dated 10th February, 1986 from Shri Abdul Ghafoor, Minister of Urban Development to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Delhi Apartment Ownership Bill, recommends the introduction of the Bill in Lok Sabha under articles 117(1) and 274(1) of the Constitution and recommends to the House the consideration of the Bill under article 117(3) of the Constitution.

*Notes on clauses*

*Clause 2.*—This clause specifies the kinds of apartments to which the proposed legislation, when enacted, would be applicable.

*Clause 3.*—This clause defines the various expressions occurring in the Bill.

*Clause 4.*—This clause confers right of exclusive ownership and possession of an apartment in a multi-storeyed building to the person to whom the same has been allotted, sold or otherwise transferred.

*Clause 5.*—This clause lays down that an apartment shall be heritable and transferable.

*Clause 6.*—This clause lays down that the ownership of an apartment will not be conferred on a person until and unless the full payment of the consideration is paid by the allottee. This will not, however, affect the right of possession of the apartment.

*Clause 7.*—This clause enjoins upon an apartment owner to comply with the bye-laws and covenants, conditions and restrictions set forth in the Deed of Apartments.

*Clause 8.*—This clause confers on the lessor of an apartment right to compensation and of re-entry in the event of any damage caused or default committed by a lessee.

*Clause 9.*—This clause requires a lessee or a transferee of an apartment to execute and have registered an undertaking in writing.

*Clause 10.*—This clause lays down that the benamidar apartment shall be deemed to be real owner of the apartment.

*Clause 11.* This clause prohibits making of any substantial charges by an apartment owner without first obtaining the consent of all the other apartment owners in a multi-storeyed building.

*Clause 12.*—This clause enables an apartment owner to create encumbrances against his apartment.

*Clause 13.*—This clause requires execution of a Deed of Apartment in every case of an allotment, sale or transfer and also specifies the contents which such a deed shall contain.

*Clause 14.*—This clause lays down that every Deed of Apartment shall be compulsorily registrable.

*Clause 15.*—This clause envisages the forming of Associations of Apartment Owners and making and framing of bye-laws for the administration of affairs in relation to apartments and the management of common areas facilities.

*Clause 16.*—This clause deals with insurance of apartments against loss or damage by fire and other hazards.

*Clause 17.*—This clause deals with disposition of property in the event of destruction or damage.

*Clause 18.*—This clause enables the Manager or Board of Management of an association to take civil actions on behalf of two or more apartment owners.

*Clause 19.*—This clause deals with the apportionment of common profits and expenses relating to apartments.

*Clause 20.*—This clause lays down that an apartment owner cannot be exempt from liability to pay expenses for common areas and facilities by waiver or abandonment of their use.

*Clause 21.*—This clause lays down that common expenses shall be charged on the apartments.

*Clause 22.*—This clause lays down that each apartment shall be separately assessed for the purposes of taxes.

*Clause 23.*—This clause lays down that both the vendor and the transferee shall be jointly and severally liable for all unpaid assessments in respect of an apartment.

*Clause 24.*—This clause lays down that the proposed legislation shall have overriding effect and shall apply to all the apartments.

*Clause 25.*—This clause empowers the Central Government to reduce, remit, whether prospectively or retrospectively, any stamp duty, registration fee or court fee or to refund the same.

*Clause 26.*—This clause lays down that the provisions of the Transfer of Property Act, 1882 in so far as they are not inconsistent with the provisions of the proposed legislation shall apply to the transfer of apartment.

*Clause 27.*—This clause empowers the Central Government to make rules to carry out the provisions of this Act.

## FINANCIAL MEMORANDUM

Clause 13 of the Bill seeks to make it compulsory on the part of all promoters to file a copy of the Deed of Apartment with the competent authority whenever any allotment, sale or other transfer of any apartment is made. The Deed of Apartment will contain detailed particulars about the name of the allottee, description of common areas, facilities, etc., and the percentage of undivided interest for each apartment in the common areas and facilities, etc. The competent authority is to function as a focal point in respect of all the apartments covered under the proposed Bill to ensure that such Deeds of Apartments are filed in respect of all the apartments. At the time of subsequent transfers like sale, etc., also, necessary entries will have to be made in these Deeds of Apartments and the competent authority will have to keep a record of such changes.

2. Clause 15(2) of the Bill seeks to make a provision that the Association of Apartment Owners will administer the properties in accordance with such bye-laws as may be made under the proposed legislation. The bye-laws shall provide among other things the manner in which the Association of Apartment Owners is to be formed, election of Board of Management by the members, powers and duties of the Board, honorarium if any to the member of the Board, method and removal from office of the members of the Board, matters relating to meetings, maintenance, repairs, etc., to common areas and facilities, etc., etc. The competent authority will have the function of watching the performance of the Association of Apartment Owners in accordance with these bye-laws.

3. The aforesaid provisions would require the creation of an office to assist the competent authority in the discharge of his functions. The Bill, if enacted will be applicable to the entire Union territory of Delhi and will cover all multi-storeyed buildings whether residential, commercial or of any other nature and also whether they are built by any co-operative society or any other person or authority. It is estimated that at present there would be approximately 50,000 apartments which would be covered by this Bill, if enacted. There is every possibility of increase in the number of these apartments in the future as the scarcity of land in Delhi and the rapid urbanisation have led to vertical growth of multi-storeyed buildings. For the effective implementation of the provisions, the work of the competent authority is proposed to be divided into three zones, namely, Delhi Development Zone, Municipal Corporation of Delhi Zone and New Delhi Municipal Committee Land Development Office/Delhi Cantonment Board Zone. The staff component required for assisting the competent authority in the work relating to these three zones has been estimated to result in a recurring expenditure of Rs. 5 lakhs per annum (approximately) to start with.

4. The creation of an office of the competent authority would also involve contingent expenditure for finding out a suitable office accommodation, purchase of an inspection vehicle and purchase of office furniture, etc. The expenditure on this account has been worked out at Rs. 3 lakhs non-recurring.

5. The Bill will not involve any other expenditure, either recurring or non-recurring.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (2) of clause 15 of the Bill empowers the Administrator to frame model bye-laws relating to the manner in which the property referred to in sub-clause (1) of clause 15 shall be administered and further empowers the Association of Apartment Owners to make bye-laws for the purposes of the administration of such property in accordance with the model bye-laws so framed. The Bill further provides that in making its bye-laws, the Association of Apartment Owners shall not make any departure from, or variation of, or addition to, or omission from, the said model bye-laws except with the prior approval of the Administrator, and the Administrator shall not grant any such approval, if such departure, variation, addition or omission has the effect of altering the basic structure of the model bye-laws.

Sub-clause (3) of that clause enumerates in detail the matters with respect to which bye-laws may be made or framed. These matters relate, *inter alia*, to the manner in which the Association of Apartment Owners is to be formed; the election, from among apartment owners, of a Board of Management by the members of the Association of Apartment Owners; the powers and duties of the Board; method of calling meetings of the Association of Apartment Owners and quorum for such meetings; maintenance, repair and replacement of the common areas and facilities and payment therefor; manner of collecting from the apartment owners share of the common expenses; restrictions with regard to the use and maintenance of the apartments and the use of the common areas and facilities, etc.

Sub-clause (4) of that clause also enumerates certain additional matters which may be included in the bye-laws so made or framed.

2. Clause 27 of all Bill empowers the Central Government, by notification in the Official Gazette, to make rules to carry out the provisions of the proposed legislation. Sub-clause (2) of this clause enumerates in detail the matters with respect to which rules may be made under this clause. These matters relate, *inter alia*, to the additional purposes for which any multi-storeyed building may be utilised; the additional community and commercial facilities, which may be specified as common areas and facilities; the scales in accordance with which composition fees may be levied for the breach of the terms and conditions of any lease, the form in which the Register of Deeds of Apartments under the proposed legislation shall be maintained and particulars which such Register shall contain.

3. The matters with respect to which bye-laws or rules may be framed or made are matters of procedure or detail. The delegation of legislative power is, therefore, of a normal character.



## BILL No. 15 OF 1986

*A Bill to give effect to the financial proposals of the Central Government for the financial year 1986-87.*

BE it enacted by Parliament in the Thirty-seventh Year of the Republic of India as follows:—

## CHAPTER I

## PRELIMINARY

1. (1) This Act may be called the Finance Act, 1986.

Short  
title and

(2) Save as otherwise provided in this Act, sections 2 to 47 (except sections 27, 34, 35 and 36) shall be deemed to have come into force on the 1st day of April, 1986.

com-  
mence-  
ment.

## CHAPTER II

## RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1986, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased in the cases to which Paragraph E of that Part applies, by a surcharge, calculated in each case in the manner provided therein:

Income-  
tax.

Provided that where an assessee, being a company, has made, during the financial year commencing on the 1st day of April, 1985, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964, under the Companies Deposits (Surcharge on Income-tax) Scheme, 1985, then, the surcharge on income-tax payable by the company,—

18 of 1984.

(a) in a case where the amount of the deposit so made is equal to, or exceeds, the amount of surcharge on income-tax payable by it, shall be *nil*; and

(b) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of eighteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income.

43 of 1961.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) Subject to the provisions of sub-section (6), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section

176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve thousand rupees,

of the total income but without being liable to tax], only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of eighteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(7) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1986, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(d) "investment company" means a company whose gross total income (as defined in section 80B of the Income-tax Act) consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources";

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in section 80B of the Income-tax Act) is not less than fifty-one per cent. of the amount of such gross total income;

(h) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

### CHAPTER III

#### DIRECT TAXES

##### *Income-tax*

3. In section 10 of the Income-tax Act, with effect from the 1st day of April, 1987,—

Amend-  
ment of  
section  
10.

(a) in clause (3), for the words "not being winnings from lotteries, to the extent such receipts do not exceed one thousand rupees in the aggregate", the words "to the extent such receipts do not exceed five thousand rupees in the aggregate" shall be substituted;

(b) in clause (13A), the brackets and words "(not exceeding four hundred rupees per month)" shall be omitted.

4. In section 16 of the Income-tax Act, in clause (i), for the portion beginning with the words "a sum equal to" and ending with the words "whichever is less", the following shall be substituted with effect from the 1st day of April, 1987, namely:—

Amend-  
ment of  
section  
16.

"a sum equal to thirty per cent. of the salary or ten thousand rupees, whichever is less",

**Amend-  
ment of  
section  
23.**

5. In section 23 of the Income-tax Act, with effect from the 1st day of April, 1987,—

(a) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Where the property consists of—

(a) a house or part of a house in the occupation of the owner for the purposes of his own residence,—

(i) which is not actually let during any part of the previous year and no other benefit therefrom is derived by the owner, the annual value of such house or part of the house shall be taken to be *nil*;

(ii) which is let during any part or parts of the previous year, that part of the annual value (annual value being determined in the same manner as if the property had been let) which is proportionate to the period during which the property is in the occupation of the owner for the purposes of his own residence, or, as the case may be, where such property is let out in parts, that portion of the annual value appropriate to any part which was occupied by the owner for his own residence, which is proportionate to the period during which such part is wholly occupied by him for his own residence shall be deducted in determining the annual value.

*Explanation.*—The deduction under this sub-clause shall be made irrespective of whether the period during which the property or, as the case may be, part of the property was used for the residence of the owner precedes or follows the period during which it is let;

(b) more than one house in the occupation of the owner for the purposes of his own residence, the provisions of clause (a) shall apply only in respect of one of such houses, which the assessee may, at his option, specify in this behalf;

(c) more than one house and such houses are in the occupation of the owner for the purposes of his own residence, the annual value of the house or houses, other than the house in respect of which the assessee has exercised an option under clause (b), shall be determined under sub-section (1) as if such house or houses had been let.

*Explanation.*—Where any such residential unit as is referred to in the second proviso to sub-section (1) is in the occupation of the owner for the purposes of his own residence, nothing contained in that proviso shall apply in computing the annual value of that residential unit.”;

(b) sub-section (2A) shall be omitted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Where the property referred to in sub-section (2) consists of one residential house only and it cannot actually be

occupied by the owner by reason of the fact that owing to his employment, business or profession carried on at any other place, he has to reside at that other place in a building not belonging to him, the annual value of such house shall be taken to be *nil*:

Provided that the following conditions are fulfilled, namely:—

(i) such house is not actually let, and

(ii) no other benefit therefrom is derived by the owner.”.

6. In section 24 of the Income-tax Act, for sub-section (2), the following sub-sections shall be substituted with effect from the 1st day of April, 1987, namely:—

Amend-  
ment of  
section  
24.

“(2) No deduction shall be allowed under sub-section (1) in respect of property of the nature referred to in sub-clause (i) of clause (a) of sub-section (2), or sub-section (3), of section 23.

(3) The total amount deductible under sub-section (1) in respect of property of the nature referred to in sub-clause (ii) of clause (a) of sub-section (2) of section 23 shall not exceed the annual value of the property as determined under that section.”.

7. In section 32A of the Income-tax Act,—

Amend-  
ment of  
section  
32A.

(a) in sub-section (2),—

(i) in clause (c), for the figures, letters and words “1st day of April, 1988,” the figures, letters and words “1st day of April, 1987,” shall be substituted with effect from the 1st day of April, 1987;

(ii) in clause (2) of the *Explanation*, for sub-clauses (i) and (ii), the following sub-clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1985, namely:—

“(i) in a case where the previous year ends before the 1st day of August, 1980, ten lakh rupees;

(ii) in a case where the previous year ends after the 31st day of July, 1980 but before the 18th day of March, 1985, twenty lakh rupees; and

(iii) in a case where the previous year ends after the 17th day of March, 1985, thirty-five lakh rupees;”;

(b) in sub-section (8), the words “, not being earlier than three years from the date of such notification,” shall be omitted;

(c) after sub-section (8A), the following sub-section shall be inserted with effect from the 1st day of April, 1987, namely:—

“(8B) No deduction shall be allowed under this section in the case of an assessee who has claimed the deduction allowable under section 32AB.”;

Insertion  
of new  
section  
32AB.

8. After section 32A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1987, namely:—

Invest-  
ment  
deposit  
account.

‘32AB. (1) Subject to the other provisions of this section, where an assessee, whose total income includes income chargeable to tax under the head “Profits and gains of business or profession”, has, out of such income,—

(a) deposited any amount in an account (hereafter in this section referred to as deposit account) maintained by him with the Development Bank before the expiry of six months from the end of the previous year or before furnishing the return of his income, whichever is earlier; or

(b) utilised any amount during the previous year for the purchase of any ship, new aircraft, new machinery or plant, without depositing any amount in the deposit account under clause (a),

in accordance with, and for the purpose specified in, a scheme to be framed by the Central Government (hereafter in this section referred to as the scheme) the assessee shall be allowed a deduction of—

(i) a sum equal to the amount, or the aggregate of the amounts, so deposited and any amount so utilised; or

(ii) a sum equal to twenty per cent. of the profits of eligible business or profession as computed in the accounts of the assessee audited in accordance with sub-section (5),

whichever is less.

(2) For the purposes of this section, “eligible business or profession” shall mean business or profession, other than—

(a) the business of growing and manufacturing tea in India;

(b) the business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule carried on by an industrial undertaking, which is not a small-scale industrial undertaking as defined in section 80HHA;

(c) the business of leasing or hiring of machinery or plant to an industrial undertaking, other than a small-scale industrial undertaking as defined in section 80HHA, engaged in the business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule;



(3) Where separate accounts in respect of eligible business or profession of an assessee are not maintained or are not available, the profits of eligible business or profession shall, for the purposes of sub-section (1), be such amount which bears to the total profits of the business or profession of the assessee, the same proportion as the total sales, turnover or gross receipts of the eligible business or profession bear to the total sales, turnover or gross receipts of the business or profession carried on by the assessee.

(4) No deduction under sub-section (1) shall be allowed in respect of any amount utilised for the purchase of,—

(a) any machinery or plant to be installed in any office premises or residential accommodation, including any accommodation in the nature of a guest house;

(b) any office appliances (not being computers);

(c) any road transport vehicles;

(d) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any one previous year.

(5) Where the assessee is a person, other than a company or a co-operative society, the deduction under sub-section (1) shall not be admissible unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 238 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

(6) Where any amount, standing to the credit of the assessee in the deposit account, released during any previous year by the Development Bank for being utilised by the assessee for the purposes specified in the scheme or at the closure of the account, is not utilised in accordance with the scheme, either wholly or in part, within that previous year, the whole of such amount or, as the case may be, part thereof which is not so utilised shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year.

(7) Where any asset acquired in accordance with the scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deductions allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year:

Provided that nothing in this sub-section shall apply—

(i) where the asset is sold or otherwise transferred by the assessee to Government, a local authority, a corporation established by or under a Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956; or

1 of 1956.

(ii) where the sale or transfer of the asset is made in connection with the succession of a firm by a company in the business or profession carried on by the firm as a result of which the firm sells or otherwise transfers to the company any asset and the scheme continues to apply to the company in the manner applicable to the firm.

*Explanation.*—The provisions of clause (ii) of the proviso shall apply only where—

(i) all the properties of the firm relating to the business or profession immediately before the succession become the properties of the company;

(ii) all the liabilities of the firm relating to the business or profession immediately before the succession become the liabilities of the company; and

(iii) all the shareholders of the company were partners of the firm immediately before the succession.

(8) The Central Government may, if it considers it necessary or expedient so to do, by notification in the Official Gazette, omit any article or thing from the list of articles or things specified in the Eleventh Schedule.

(9) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the provisions of this section shall not apply to any class of assessee, with effect from such date as it may specify in the notification.

*Explanation.*—In this section, “Development Bank” means the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 and includes such bank of institution as may be specified in the scheme in this behalf.’

9. In section 43 of the Income-tax Act, in clause (1), after *Explanation* 7, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely:—

Amend-  
ment of  
section 43.

“*Explanation* 8.—For the removal of doubts, it is hereby declared that where any amount is paid or is payable as interest in connection with the acquisition of an asset, so much of such amount as is relatable to any period after such asset is first put to use shall not be included, and shall be deemed never to have been included, in the actual cost of such asset.”

10. In section 50 of the Income-tax Act, in clause (2), for the figures, letters and words “1st day of January, 1964”, the figures, letters and words “1st day of April, 1974” shall be substituted with effect from the 1st day of April, 1987.

Amend-  
ment of  
section 50.

11. In section 54 of the Income-tax Act, with effect from the 1st day of April, 1987,—

Amend-  
ment of  
section 54.

(a) in sub-section (1), for the words “one year before or after the date on which the transfer took place purchased”, the words “one year before or two years after the date on which the transfer took place purchased” shall be substituted;

(b) in sub-section (2), for the words “one year before or after the date of receipt of the additional compensation purchased”, the words “one year before or two years after the date of receipt of the additional compensation purchased” shall be substituted.

12. In section 54E of the Income-tax Act, in sub-section (1), in *Explanation* 1, with effect from the 1st day of April, 1987,—

Amend-  
ment of  
section  
54E.

(a) in clause (c), after the words, figures and letters “after the 28th day of February, 1983”, the words, figures and letters “but before the 1st day of April, 1986” shall be inserted;

(b) after clause (c) as so amended, the following clause shall be inserted, namely:—

“(d) in a case where the original asset is transferred after the 31st day of March, 1986, any of the assets specified in clause (c) and such bonds issued by any public sector company, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

*Explanation.*—For the purposes of this clause, “public sector company” means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956.’

1 of 1956.

Amend-  
ment of  
section  
55.

13. In section 55 of the Income-tax Act, for the figures, letters and words “1st day of January, 1964”, wherever they occur, the figures, letters and words “1st day of April, 1974” shall be substituted with effect from the 1st day of April, 1987.

Amend-  
ment of  
section  
58.

14. In section 58 of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of April, 1987, namely:—

‘(4) In the case of an assessee having income chargeable under the head “Income from other sources”, no deduction in respect of any expenditure or allowance in connection with such income shall be allowed under any provision of this Act in computing the income by way of any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature, whatsoever:

Provided that nothing contained in this sub-section shall apply in computing the income of an assessee, being the owner of horses maintained by him for running in horse races, from the activity of owning and maintaining such horses.

*Explanation.*—For the purposes of this sub-section, “horse race” means a horse race upon which wagering or betting may be lawfully made.’

Amend-  
ment of  
section  
74.

15. In section 74 of the Income-tax Act, in sub-section (1), in the proviso to clause (a), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted with effect from the 1st day of April, 1987.

Amend-  
ment of  
section  
74A.

16. In section 74A of the Income-tax Act, with effect from the 1st day of April, 1987,—

(a) sub-sections (1) and (2) shall be omitted;

(b) in sub-section (3),—

(i) in the opening portion,—

(A) the words “Where for any assessment year,” shall be omitted;

(B) for the portion beginning with the words "the net result of the computation" and ending with the words "owning and maintaining race horses", the following shall be substituted, namely:—

"the amount of loss incurred by the assessee in the activity of owning and maintaining race horses in any assessment year shall not be set off against income, if any, from any source other than the activity of owning and maintaining race horses in that year and";

(ii) in clause (a), for the words, brackets, letter and figure "from the source specified in clause (c) of sub-section (2)", the words "from the activity of owning and maintaining race horses," shall be substituted.

17. In section 80GG of the Income-tax Act, with effect from the 1st day of April, 1987,—

Amend-  
ment of  
section  
80GG.

(a) for the words "to the extent to which such excess expenditure does not exceed four hundred rupees per month or fifteen per cent. of his total income for the year, whichever is less", the words "to the extent to which such excess expenditure does not exceed one thousand rupees per month or twenty-five per cent. of his total income for the year, whichever is less" shall be substituted;

(b) in the *Explanation*, for the words "fifteen per cent.", at both the places where they occur, the words "twenty-five per cent." shall be substituted.

18. In section 80HHA of the Income-tax Act, in clause (b) of the *Explanation* below sub-section (8), for sub-clauses (1) and (2), the following sub-clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1985, namely:—

Amend-  
ment of  
section  
80HHA.

"(1) in a case where the previous year ends before the 1st day of August, 1980, ten lakh rupees;

(2) in a case where the previous year ends after the 31st day of July, 1980 but before the 18th day of March, 1985, twenty lakh rupees; and

(3) in a case where the previous year ends after the 17th day of March, 1985, thirty-five lakh rupees,".

19. Section 80K of the Income-tax Act shall be omitted with effect from the 1st day of April, 1987.

Omission  
of section  
80K.

Amend-  
ment of  
section  
80L.

20. In section 80L of the Income-tax Act, with effect from the 1st day of April, 1987,—

(a) in sub-section (1), for clause (ii), the following clause shall be substituted, namely:—

‘(ii) interest on such debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf.

*Explanation.*—For the purposes of this clause, “public sector company” means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956;’;

1 of 1956.

(b) sub-section (2) shall be omitted.

Omission of  
Section  
80M.

21. Section 80M of the Income-tax Act shall be omitted with effect from the 1st day of April, 1987.

Omission  
of section  
80S.

22. Section 80S of the Income-tax Act shall be omitted with effect from the 1st day of April, 1987.

Amend-  
ment of  
section  
80T.

23. In section 80T of the Income-tax Act, with effect from the 1st day of April, 1987,—

(i) for the words “five thousand rupees”, wherever they occur, the words “ten thousand rupees” shall be substituted;

(ii) in clause (b), for the portion beginning with the words “In any other case, five thousand rupees” and ending with the words “capital assets exceed five thousand rupees”, the following shall be substituted, namely:—

“in any other case, ten thousand rupees as increased by a sum equal to—

(A) fifty per cent. of the amount by which the long-term capital gains relating to capital assets, being buildings or lands or any rights in buildings or lands, exceed ten thousand rupees;

(B) sixty per cent. of the amount by which the long-term capital gains relating to any other capital assets exceed ten thousand rupees”;

24. Section 80TT of the Income-tax Act shall be omitted with effect from the 1st day of April, 1987.

Omission  
of section  
80TT.

25. In section 115A of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1987,—

Amend-  
ment of  
section  
115A.

(a) for clause (ii), the following clause shall be substituted, namely:—

“(ii) the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of thirty per cent.;”;

(b) in clause (iii), for the words “forty per cent.”, the words “thirty per cent.” shall be substituted.

26. In Chapter XII of the Income-tax Act, after section 115B, the following section shall be inserted with effect from the 1st day of April, 1987, namely:—

Insertion  
of new  
section  
115BB.

‘115BB. Where the total income of an assessee includes any income by way of winnings from any lottery or crossword puzzle or race including horse race (not being income from the activity of owning and maintaining race horses) or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, the income-tax payable shall be the aggregate of—

Tax on  
winnings  
from  
lotteries,  
crossword  
puzzles,  
races  
including  
horse  
races,  
card  
games and  
other  
games  
of any  
sort or  
gambling  
or betting  
of any  
form  
or nature  
whatso-  
ever.

(i) the amount of income-tax calculated on income by way of winnings from such lottery or crossword puzzle or race including horse race or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, at the rate of forty per cent.; and

(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (i).

*Explanation.*—For the purposes of this section, “horse race” shall have the same meaning as in section 74A.’

27. In the Income-tax Act, after section 133A, the following section shall be inserted, namely:—

Insertion  
of new  
section  
133B.

‘133B. (1) Notwithstanding anything contained in any other provision of this Act, an Income-tax authority may, for the purpose of collecting any information relating to any person which may be useful for, or relevant to, the purposes of this Act, enter—

Power to  
collect  
certain  
informa-  
tion.

(a) any building or place within the limits, of the area assigned to such authority, or

(b) any building or place occupied by any person in respect of whom he exercises jurisdiction.

and require any person who is the occupant of the building or place to furnish such information as may be prescribed.

(2) An Income-tax authority may enter any building or place referred to in sub-section (1),—

(a) if a business or profession is carried on in such building or place, only during the hours at which such building or place is open for the conduct of such business or profession; and

(b) in the case of any other building or place, only after sunrise and before sunset.

(3) For the removal of doubts, it is hereby declared that an Income-tax authority acting under this section shall, on no account, remove or cause to be removed from the building or place wherein he has entered, any books of account or other documents or any cash, stock or other valuable article or thing.

*Explanation.*—In this section, “Income-tax authority” means an Inspecting Assistant Commissioner, an Assistant Director of Inspection or an Income-tax Officer, and includes an Inspector of income-tax who has been authorised by the Income-tax Officer to exercise the powers conferred under this section in relation to the area in respect of which the Income-tax Officer exercises jurisdiction or part thereof.

Amend-  
ment of  
section  
155.

28. In section 155 of the Income-tax Act, with effect from the 1st day of April, 1987,—

(a) in sub-section (8), for the words “within a period of one year after the date of the transfer”, the words “within a period of two years after the date of the transfer” shall be substituted;

(b) in sub-section (8A), for the words “within a period of one year after the date of receipt”, the words “within a period of two years after the date of receipt” shall be substituted.

Amend-  
ment of  
section 193.

29. In section 193 of the Income-tax Act, in the proviso, for clause (iib), the following clause shall be substituted with effect from the 1st day of June, 1986, namely:—

“(iib) any interest payable on such debentures, issued by any institution or authority, or any public sector company, or any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf.

*Explanation.*—For the purposes of this clause, “public sector company” means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956; or’.

1 of 1956.

Amend-  
ment of  
section  
194 B.

30. In section 194B of the Income-tax Act, for the words “one thousand rupees” the words “five thousand rupees” shall be substituted with effect from the 1st day of June, 1986.

Amend-  
ment of  
section  
194 BB

31. In section 194BB of the Income-tax Act, for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of June, 1986.



32. In section 204 of the Income-tax Act, with effect from the 1st day of June, 1986.—

Amend-  
ment of  
Section  
204.

(a) after clause (ii), the following clause shall be inserted, namely:—

“(iia) in the case of any sum payable to a non-resident Indian, being any sum representing consideration for the transfer by him of any foreign exchange asset, which is not a short-term capital asset, the authorised dealer responsible for remitting such sum to the non-resident Indian or for crediting such sum to his Non-resident (External) Account maintained in accordance with the Foreign Exchange Regulation Act, 1973 and any rules made thereunder;”;

46 of 1973.

(b) the following *Explanation* shall be added at the end, namely:—

‘*Explanation.*—For the purposes of this section,—

(a) “non-resident Indian” and “foreign exchange asset” shall have the meanings assigned to them in Chapter XII-A;

(b) “authorised dealer” shall have the meaning assigned to it in clause (b) of section 2 of the Foreign Exchange Regulation Act, 1973.’

46 of 1973

33. In section 269C of the Income-tax Act, in sub-section (1), after the second proviso, the following proviso shall be inserted with effect from the 1st day of October, 1986, namely:—

Amend-  
ment of  
section  
269C.

“Provided also that no such proceedings shall be initiated if such property has been transferred after the 30th day of September, 1986.”

34. In the Income-tax Act, after Chapter XX-B, the following Chapter shall be inserted, namely:—

Insertion  
of new  
Chapter  
XXC.

## ‘CHAPTER XXC

### PURCHASE BY CENTRAL GOVERNMENT OF IMMOVABLE PROPERTIES IN CERTAIN CASES OF TRANSFER

269U. The provisions of this Chapter shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different areas.

Commencement of  
Chapter.

269UA. In this Chapter, unless the context otherwise requires.—

Definitions.

(a) “agreement for transfer” means an agreement, whether registered under the Registration Act, 1908 or not, for the transfer of any immovable property;

16 of 1908

## (b) "apparent consideration",--

(1) in relation to any immovable property in respect of which an agreement for transfer is made, being immovable property of the nature referred to in sub-clause (i) of clause (d), means,—

(i) if the immovable property is to be transferred by way of sale, the consideration for such transfer as specified in the agreement for transfer;

(ii) if the immovable property is to be transferred by way of exchange,—

(A) in a case where the consideration for the transfer consists of a thing or things only, the price that such thing or things would ordinarily fetch on sale in the open market on the date on which the agreement for transfer is made;

(B) in a case where the consideration for the transfer consists of a thing or things and a sum of money, the aggregate of the price that such thing or things would ordinarily fetch on sale in the open market on the date on which the agreement for transfer is made, and such sum;

(iii) if the immovable property is to be transferred by way of lease,—

(A) in a case where the consideration for the transfer consists of premium only, the amount of premium as specified in the agreement for transfer;

(B) in a case where the consideration for the transfer consists of rent only, the aggregate of the moneys (if any) payable by way of rent and the amounts for the service or things forming part of or constituting the rent, as specified in the agreement for transfer;

(C) in a case where the consideration for the transfer consists of premium and rent, the aggregate of the amount of the premium, the moneys (if any) payable by way of rent and the amounts for the service or things forming part of or constituting the rent, as specified in the agreement for transfer,

and where the whole or any part of the consideration for such transfer is payable on any date or dates falling after the date of such agreement for transfer, the value of the consideration payable after such date shall be deemed to be the discounted value of such consideration, as on the date of such agreement for transfer, determined by adopting such rate of interest as may be prescribed in this behalf;

(2) in relation to any immovable property in respect of which an agreement for transfer is made, being immovable

property of the nature referred to in sub-clause (ii) of clause (d), means,—

(i) in a case where the consideration for the transfer consists of a sum of money only, such sum;

(ii) in a case where the consideration for the transfer consists of a thing or things only, the price that such thing or things would ordinarily fetch on sale in the open market on the date on which the agreement for transfer is made;

(iii) in a case where the consideration for the transfer consists of a thing or things and a sum of money, the aggregate of the price that such thing or things would ordinarily fetch on sale in the open market on the date on which the agreement for transfer is made, and such sum,

and where the whole or any part of the consideration for such transfer is payable on any date or dates falling after the date of such agreement for transfer, the value of the consideration payable after such date shall be deemed to be the discounted value of such consideration, as on the date of such agreement for transfer, determined by adopting such rate of interest as may be prescribed in this behalf;

(c) "appropriate authority" means an authority constituted under section 269UB to perform the functions of an appropriate authority under this Chapter;

(d) "immovable property" means—

(i) any land or any building or part of a building, and includes, where any land or any building or part of a building is to be transferred together with any machinery, plant, furniture, fittings or other things, such machinery, plant, furniture, fittings or other things also.

*Explanation.*—For the purposes of this sub-clause, "land, building, part of a building, machinery, plant, furniture, fittings and other things" include any rights therein;

(ii) any rights in or with respect to any land or any building or a part of a building (whether or not including any machinery, plant, furniture, fittings or other things therein) which has been constructed or which is to be constructed, accruing or arising from any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement of whatever nature), not being a transaction by way of sale, exchange or lease of such land, building or part of a building;

(e) "person interested", in relation to any immovable property includes all persons claiming, or entitled to claim, an interest in the consideration payable on account of the vesting of that property in the Central Government under this Chapter;

## (f) "transfer",—

(i) in relation to any immovable property referred to in sub-clause (i), of clause (d), means transfer of such property by way of sale or exchange or lease for a term of not less than twelve years, and includes allowing the possession of such property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882.

4 of 1882.

*Explanation.*—For the purposes of this sub-clause, a lease which provides for the extension of the term thereof by a further term or terms shall be deemed to be a lease for a term of not less than twelve years, if the aggregate of the term for which such lease is to be granted and the further term or terms for which it can be so extended is not less than twelve years;

(ii) in relation to any immovable property of the nature referred to in sub-clause (ii) of clause (d), means the doing of anything (whether by way of admitting as a member of or by way of transfer of shares in a co-operative society or company or other association of persons or by way of any agreement or arrangement or in any other manner whatsoever) which has the effect of transferring or enabling the enjoyment of, such property.

Appropri-  
ate autho-  
rity.

269UB. (1) The Central Government may, by order, published in the Official Gazette,—

(a) constitute as many appropriate authorities, as it thinks fit, to perform the functions of an appropriate authority under this Chapter; and

(b) define the local limits within which the appropriate authorities shall perform their functions under this Chapter.

(2) An appropriate authority shall consist of three persons, two of whom shall be members of the Indian Income-tax Service, Group A, holding the post of Commissioner of Income-tax or any equivalent or higher post, and one shall be a member of the Central Engineer Service, Group A, holding the post of Chief Engineer or any equivalent or higher post.

(3) In respect of any function to be performed by an appropriate authority under any provision of this Chapter in relation to any immovable property referred to in section 269UC, the appropriate authority referred to therein shall,—

(a) in a case where such property is situate within the local limits of the jurisdiction of only one appropriate authority, be such appropriate authority;

(b) in a case where such property is situate within the local limits of the jurisdiction of two or more appropriate authorities, be the appropriate authority empowered to perform such functions in relation to such property in accordance with the rules made in this behalf by the Board under section 295.

*Explanation.*—For the purposes of this sub-section, immovable property being rights of the nature referred to in sub-clause (ii) of clause (d) of section 269UA in, or with respect to, any land or any building or part of a building which has been constructed or which is to be constructed shall be deemed to be situate at the place where the land is situate or, as the case may be, where the building has been constructed or is to be constructed.

4 of 1682.

269UC. (1) Notwithstanding anything contained in the Transfer of Property Act, 1882, or in any other law for the time being in force, no transfer of any immovable property of such value exceeding five lakh rupees as may be prescribed, shall be effected except after an agreement for transfer is entered into between the person who intends transferring the immovable property (hereinafter referred to as the transferor) and the person to whom it is proposed to be transferred (hereinafter referred to as the transferee) in accordance with the provisions of sub-section (2) at least three months before the intended date of transfer.

Restrictions  
on trans-  
fer of  
immovable  
property.

(2) The agreement referred to in sub-section (1) shall be reduced to writing in the form of a statement by each of the parties to such transfer or by any of the parties to such transfer acting on behalf of himself and on behalf of the other parties.

(3) Every statement referred to in sub-section (2) shall,—

- (i) be in the prescribed form;
- (ii) set forth such particulars as may be prescribed; and
- (iii) be verified in the prescribed manner,

and shall be furnished to the appropriate authority in such manner and within such time as may be prescribed, by each of the parties to such transaction or by any of the parties to such transaction acting on behalf of himself and on behalf of the other parties.

269UD. (1) The appropriate authority, after the receipt of the statement under sub-section (3) of section 269UC in respect of any immovable property, may, notwithstanding anything contained in any other law or any instrument or any agreement for the time being in force, and for reasons to be recorded in writing, make an order for the purchase by the Central Government of such immovable property at an amount equal to the amount of apparent consideration;

Order by  
appro-  
priate  
authority  
for pur-  
chase by  
Central  
Govern-  
ment of  
immov-  
able pro-  
perty.

Provided that no such order shall be made in respect of any immovable property after the expiration of a period of two months from the end of the month in which the statement referred to in section 269UC in respect of such property is received by the appropriate authority:

Provided further that in a case where the statement referred to in section 269UC in respect of the immovable property concerned is given to an appropriate authority, other than the appropriate authority having jurisdiction in accordance with the provisions of section 269UB to make the order referred to in this sub-section in relation to the immovable property concerned, the period of limitation referred to in the preceding proviso shall be reckoned with reference to the date of receipt of the statement by the appropriate authority having jurisdiction to make the order under this sub-section.

Vesting of  
property in  
Central  
Govern-  
ment.

(2) The appropriate authority shall cause a copy of its order under sub-section (1) in respect of any immovable property to be served on the transferor, the person in occupation of the immovable property if the transferor is not in occupation thereof, the transferee, and on every other person whom the appropriate authority knows to be interested in the property.

269UE. (1) Where an order under sub-section (1) of section 269UD is made by the appropriate authority in respect of an immovable property referred to in sub-clause (i) of clause (d) of section 269UA, such property shall, on the date of such order, vest in the Central Government free from all encumbrances.

(2) The transferor or any other person who may be in possession of the immovable property in respect of which an order under sub-section (1) of section 269UD is made, shall surrender or deliver possession thereof to the appropriate authority or any other person duly authorised by the appropriate authority in this behalf within fifteen days of the service of such order on him.

(3) If any person refuses or fails to comply with the provisions of sub-section (2), the appropriate authority or other person duly authorised by it under that sub-section may take possession of the immovable property and may, for that purpose, use such force as may be necessary.

(4) Notwithstanding anything contained in sub-section (2), the appropriate authority may, for the purpose of taking possession of any property referred to in sub-section (1), requisition the services of any police officer to assist him and it shall be the duty of such officer to comply with such requisition.

(5) For the removal of doubts, it is hereby declared that nothing in this section shall operate to discharge the transferor or any other person (not being the Central Government) from liability in respect of any encumbrances on the property and, notwithstanding anything contained in any other law for the time being in force, such liability may be enforced against the transferor or such other person.

(6) Where an order under sub-section (1) of section 269UD is made in respect of an immovable property, being rights of the nature referred to in sub-clause (ii) of clause (d) of section 269UA, such order shall have the effect of—

(a) vesting such right in the Central Government; and

(b) placing the Central Government in the same position in relation to such rights as the person in whom such a right would have continued to vest if such order had not been made.

(7) Where any rights in respect of any immovable property, being rights in, or with respect to, any land or any building or part of a building which has been constructed or which is to be constructed, have been vested in the Central Government under sub-section (6), the provisions of sub-sections (1), (2), (3) and (4) shall, so far as may be, have effect as if the references to immovable property therein were references to such land or building or part thereof, as the case may be.

269UF. (1) Where an order for the purchase of any immovable property by the Central Government is made under sub-section (1) of section 269UD, the Central Government shall pay, by way of consideration for such purchase, an amount equal to the amount of the apparent consideration.

Consideration for purchase of immovable property by Central Government.

(2) Notwithstanding anything contained in sub-section (1), where, after the agreement for the transfer of the immovable property referred to in that sub-section has been made but before the property vests in the Central Government under section 269UE, the property has been damaged (otherwise than as a result of normal wear and tear), the amount of the consideration payable under that sub-section shall be reduced by such sum as the appropriate authority, for reasons to be recorded in writing, may by order determine.

269UG. (1) The amount of consideration payable in accordance with the provisions of section 269UF shall be tendered to the person or persons entitled thereto, within a period of one month from the end of the month in which the immovable property concerned becomes vested in the Central Government under sub-section (1), or, as the case may be, sub-section (6), of section 269UE:

Payment or deposit of consideration.

Provided that if any liability for any tax or any other sum remaining payable under this Act, the Wealth-tax Act, 1957, the Gift-tax Act, 1958, the Estate Duty Act, 1953 or the Companies (Profits) Surtax Act, 1964 by any person entitled to the consideration payable under section 269UF; the appropriate authority may, in lieu of the payment of the amount of consideration, set off the amount of consideration or any part thereof against such liability or sum, after giving an intimation in this behalf to the person entitled to the consideration.

27 of 1957.  
18 of 1958.  
34 of 1953.  
7 of 1964.

(2) Notwithstanding anything contained in sub-section (1), if any dispute arises as to the apportionment of the amount of consideration amongst persons claiming to be entitled thereto, the Central Government shall deposit with the appropriate authority the amount of consideration required to be tendered under sub-section (1) within the period specified therein.

(3) Notwithstanding anything contained in sub-section (1), if the person entitled to the amount of consideration does not consent to receive it, or if there is any dispute as to the title to receive the amount of consideration, the Central Government shall deposit with the appropriate authority the amount of consideration required to be tendered under sub-section (1) within the period specified therein:

Provided that nothing herein contained shall affect the liability of any person who may receive the whole or any part of the amount of consideration for any immovable property vested in the Central Government under this Chapter to pay the same to the person lawfully entitled thereto.

(4) Where any amount of consideration has been deposited with the appropriate authority under this section, the appropriate authority may, either of its own motion or on an application made by or on behalf of any person interested or claiming to be interested in such amount, order the same to be invested in such Government or other

securities as it may think proper, and may direct the interest or other proceeds of any such investment to be accumulated and paid in such manner as will, in its opinion, give the parties interested therein the same benefits therefrom as they might have had from the immovable property in respect whereof such amount has been deposited or as near thereto as may be.

Re-vesting  
of property  
in the  
trans-  
feror on  
failure of  
payment  
or deposit  
of consi-  
deration.

269UH. (1) If the Central Government fails to tender under sub-section (1) of section 269UG or deposit under sub-section (2) or sub-section (3) of the said section, the whole or any part of the amount of consideration required to be tendered or deposited thereunder within the period specified therein in respect of any immovable property which has vested in the Central Government under sub-section (1) or, as the case may be, sub-section (6) of section 269UE, the order to purchase the immovable property by the Central Government made under sub-section (1) of section 269UD shall stand abrogated and the immovable property shall stand re-vested in the transferor after the expiry of the aforesaid period:

Provided that where any dispute referred to in sub-section (2) or sub-section (3) of section 269UG is pending in any court for decision, the time taken by the court to pass a final order under the said sub-sections shall be excluded in computing the said period.

(2) Where an order made under sub-section (1) of section 269UD is abrogated and the immovable property re-vested in the transferor under sub-section (1), the appropriate authority shall make, as soon as may be, a declaration in writing to this effect and shall—

(a) deliver a copy of the declaration to the persons mentioned in sub-section (2) of section 269UD; and

(b) shall deliver or cause to be delivered possession of the immovable property back to the transferor or, as the case may be, to such other person as was in possession of the property at the time of its vesting in the Central Government under section 269UE.

Powers  
of the  
appro-  
priate  
author-  
ity.

269UI. The appropriate authority shall have, for the purposes of this Chapter, all the powers that a Commissioner of Income-tax has for the purposes of this Act under section 131.

Rectifica-  
tion of  
mistakes.

269UJ. With a view to rectifying any mistake apparent from the record, the appropriate authority may amend any order made by it under this Chapter, either on its own motion or on the mistake being brought to its notice by any person affected by the order:

Provided that if any such amendment is likely to affect any person prejudicially, it shall not be made without giving to such person a reasonable opportunity of being heard:

Provided further that no amendment shall be made under this section after the expiry of six months from the end of the month in which the order sought to be amended was made.



269UK. (1) Notwithstanding anything contained in any other law for the time being in force, no person shall revoke or alter an agreement for the transfer of an immovable property or transfer such property in respect of which a statement has been furnished under section 269UC unless,—

Restriction on transfer of immovable property.

(a) the appropriate authority has not made an order for the purchase of the immovable property by the Central Government under section 269UD or the period specified for the making of such order has expired; or

(b) in a case where an order for the purchase of the immovable property by the Central Government has been made under sub-section (1) of section 269UD, the order stands abrogated under sub-section (1) of section 269UH.

(2) Any transfer of any immovable property made in contravention of the provisions of sub-section (1) shall be void.

269UL. (1) Notwithstanding anything contained in any other law for the time being in force, no registering officer appointed under the Registration Act, 1908, shall register any document which purports to transfer immovable property exceeding the value prescribed under section 269UC unless a certificate from the appropriate authority that it has no objection to the transfer of such property for an amount equal to the apparent consideration therefor as stated in the agreement for transfer of the immovable property in respect of which it has received a statement under sub-section (3) of section 269UC, is furnished, along with such document.

Restrictions on registration, etc., of documents in respect of transfer of immovable property.

(2) Notwithstanding anything contained in any other law for the time being in force, no person shall do anything or omit to do anything which will have the effect of transfer of any immovable property unless the appropriate authority certifies that it has no objection to the transfer of such property for an amount equal to the apparent consideration therefor as stated in the agreement for transfer of the immovable property in respect of which it has received a statement under sub-section (3) of section 269UC.

(3) In a case where the appropriate authority does not make an order under sub-section (1) of section 269UD for the purchase by the Central Government of an immovable property, or where the order made under sub-section (1) of section 269UD stands abrogated under sub-section (1) of section 269UH, the appropriate authority shall issue a certificate of no objection referred to in sub-section (1) or, as the case may be, sub-section (2) and deliver copies thereof to the transferor and the transferee.

269UM. Notwithstanding anything contained in any other law or in any instrument or any agreement for the time being in force, when an order for the purchase of any immovable property by the Central Government is made under this Chapter, no claim by the transferee shall lie against the transferor by reason of such transfer being not in accordance with the agreement for the transfer of the immovable property entered into between the transferor and the transferee:

Immunity to transferor against claims of transferee for transfer.

Provided that nothing contained in this section shall apply if the order for the purchase of the immovable property by the Central Government is abrogated under sub-section (1) of section 269UH.

Order of appropriate authority to be final and conclusive.

269UN. Save as otherwise provided in this Chapter, any order made under sub-section (1) of section 269UD or any order made under sub-section (2) of section 269UF shall be final and conclusive and shall not be called in question in any proceeding under this Act or under any other law for the time being in force.

Chapter not to apply to certain transfers.

269UO. The provisions of this Chapter shall not apply to or in relation to any immovable property where the agreement for transfer of such property is made by a person to his relative on account of natural love and affection, if a recital to that effect is made in the agreement for transfer.

Insertion of new section 272AA.

35. In the Income-tax Act, after section 272A, the following section shall be inserted, namely:—

Penalty for failure to comply with the provisions of section 133B.

“272AA. (1) If a person, without reasonable cause, fails to comply with the provisions of section 133B, he shall, on an order passed by the Inspecting Assistant Commissioner, Assistant Director of Inspection or the Income-tax Officer, as the case may be, pay, by way of penalty, a sum which may extend to one thousand rupees.

(2) No order under sub-section (1) shall be passed unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter.”.

Insertion of new section 276AB.

36. In the Income-tax Act, after section 276A, the following section shall be inserted, namely:—

Failure to comply with the provisions of sections 269UC, 269UE and 269UL.

“276AB. Whoever, without reasonable cause or excuse, fails to comply with the provisions of section 269UC or fails to surrender or deliver possession of the property under sub-section (2) of section 269UE or contravenes the provisions of sub-section (2) of section 269UL shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than six months.”.

Omission of section 276AA.

37. Section 276AA of the Income-tax Act shall be omitted with effect from the 1st day of October, 1986.

Omission of Twelfth Schedule.

38. The Twelfth Schedule to the Income-tax Act shall be omitted with effect from the 1st day of April, 1987.

Consequential amendments.

39. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1987, namely:—

(a) in section 80A, in sub-section (3),—

(i) the words, figures and letter “or section 80K” shall be omitted;

(ii) the words, figures and letter “or section 80S” shall be omitted;

(iii) the words, figures and letters “or section 80TT” shall be omitted;

- (b) section 80AA shall be omitted;
- (c) in section 80AB, the brackets, words, figures and letter “(except section 80M)” shall be omitted;
- (d) in section 80VVA, in sub-section (2),—
  - (i) clause (xiiia) shall be renumbered as clause (xiiib), and before clause (xiiib) as so renumbered, the following clause shall be inserted, namely:—
    - “(xiiia) section 32AB;”;
  - (ii) clauses (xxiv) and (xxv) shall be omitted;
- (e) in section 197, sub-section (3) shall be omitted.
- (f) in the Eleventh Schedule, after the words, figures and letter “See section 32A,” the word, figures and letters “section 32AB,” shall be inserted.

#### *Wealth-tax*

40. In section 5 of the Wealth-tax Act, 1957,—

(a) in sub-section (1),—

(i) after clause (xvid), the following clause shall be inserted, namely:—

“(xvie) in the case of an individual or a Hindu undivided family, such debentures issued by a public sector company, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

*Explanation.*—For the purposes of this clause, “public sector company” means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956;”

(ii) in clause (xxviii),—

(A) in the opening paragraph, after the words “out of such moneys”, the words “within one year immediately preceding the date of his return and at any time thereafter” shall be inserted with effect from the 1st day of April, 1987;

(B) the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1977, namely:—

“*Explanation 2.*—For the removal of doubts, it is hereby declared that moneys standing to the credit of such person in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and any rules made thereunder, on the date of his return to India, shall be deemed to be moneys brought by him into India on that date.”;

(b) in sub-section (3),—

(i) after the brackets, figures and letter “(xvid),”, the brackets, figures and letter “(xvie),” shall be inserted;

(ii) for clause (aa), the following clause shall be substituted, namely:—

“(aa) in the case of Capital Investment Bonds referred to in clause (xvid), or debentures referred to in clause (xvie),

Amend-  
ment of  
Act 27 of  
1957.

1 of 1956.

46 of 1973.

of sub-section (1), from the date on which the Bonds or debentures, as the case may be, were subscribed to by the assessee, or for a period of at least six months ending with the relevant valuation date, whichever is shorter; and”.

#### Gift-tax

Amendment of section 3.

41. In the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), with effect from the 1st day of April, 1987, section 3 shall be renumbered as sub-section (1) thereof, and—

18 of 1968.

(a) in sub-section (1) as so renumbered, after the words, figures and letters “the 1st day of April, 1958,” the words, figures and letters “but before the 1st day of April, 1987,” shall be inserted;

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

“(2) Subject to the other provisions contained in this Act, there shall be charged for every assessment year commencing on and from the 1st day of April, 1987, gift-tax in respect of the gifts, if any, made by a person during the previous year, at the rate of thirty per cent. on the value of all taxable gifts.”.

Amendment of section 5.

42. In section 5 of the Gift-tax Act, with effect from the 1st day of April, 1987,—

(a) in sub-section (1), clauses (iii), (vi), (viii), (ix), (xiv) and (xvi) shall be omitted;

(b) in sub-section (1A), the words, brackets and figures “or clause (vi)” shall be omitted;

(c) in sub-section (2), for the words “five thousand”, the words “twenty thousand” shall be substituted;

(d) sub-section (3) shall be omitted.

Omission of section 6A.

43. Section 6A of the Gift-tax Act shall be omitted with effect from the 1st day of April, 1987.

Amendment of section 18.

44. In section 18 of the Gift-tax Act, with effect from the 1st day of April, 1987,—

(a) in the opening portion, for the words, figure and letter “or, in a case where the provisions of section 6A are applicable to a gift, in the manner specified in that section”, the words, brackets and figures “or at the rate specified in sub-section (2) of section 3” shall be substituted;

(b) in the *Explanation*, for the words, figure and letter “in the manner specified in section 6A”, at both the places where they occur, the words, brackets and figures “at the rate specified in sub-section (2) of section 3” shall be substituted.

Amendment of section 19A.

45. In section 19A of the Gift-tax Act, in sub-section (2), after the words “or rates specified in the Schedule”, the words, brackets and figures “or, as the case may be, at the rate specified in sub-section (2) of section 3” shall be inserted with effect from the 1st day of April, 1987.

Amendment of the Schedule.

46. In the Gift-tax Act, in the Schedule, for the brackets, words and figure “(See section 3)”, the brackets, words and figures “[See section 3(1)]” shall be substituted with effect from the 1st day of April, 1987.

*Surtax*

47. In the Companies (Profits) Surtax Act, 1964, in section 4, after the words and figures "the first day of April, 1964", the words and figures "but before the first day of April, 1988" shall be inserted with effect from the 1st day of April, 1988.

Amend-  
ment of  
Act 7 of  
1964.

## CHAPTER IV

## INDIRECT TAXES

*Customs*

48. The Customs Tariff Act 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule.

Amend-  
ment of  
Act 51  
of 1975.

52 of 1982. 49. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to fifty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

Auxi-  
liary  
duties of  
customs.

10 of 1987. (2) Sub-section (1) shall cease to have effect after the 31st day of March, 1987, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

50. In section 16 of the Customs Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amend-  
ment of  
Act 52  
of 1962.

"(1) The rate of duty and tariff valuation, if any, applicable to any export goods, shall be the rate and valuation in force,—

(a) in the case of goods entered for export under section 50, on the date on which the proper officer makes an order permitting clearance and loading of the goods for exportation under section 51;

(b) in the case of any other goods on the date of payment of duty."

*Excise*

51. In section 37 of the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), in sub-section (2), after clause (xvi), the following clause shall be inserted, namely:—

Amend-  
ment of  
Act 1 of  
1944.

"(xvii) provide for the credit of duty paid or deemed to have been paid on the goods used in or in relation to, the manufacture of excisable goods;"

Amend-  
ment of  
Act 5 of  
1986.

52. The Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Third Schedule.

Special  
duties of  
excise.

53. (1) In the case of goods chargeable with a duty of excise under the Central Excises Act, as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to ten per cent. of the amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1987, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1897.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

Amend-  
ment of  
Act 12 of  
1953.

54. In the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953,—

(i) in section 2, for clause (b), the following clause shall be substituted, namely:—

“(b) “cloth” means textile fabrics falling under heading Nos. 50.03, 51.06, 51.07, 51.08, 52.05, 52.06, 52.07, 52.08, 52.09, 52.10, 52.11, 52.12, 54.08, 54.09, 54.10, 54.11, 54.12, 55.07, 55.08, 55.09, 55.10, 55.11, 55.12, 58.02, 58.04 and 60.01 of the Schedule to the Central Excise Tariff Act, 1985;”

5 of 1986

(ii) in section 3, in sub-section (1), for the figures and words “1.9 naye paise per square metre”, the figures and words “2.5 paise per square metre” shall be substituted.

Amend-  
ment of  
Act 58 of  
1957.

55. The Additional Duties of Excise (Goods Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fourth Schedule.

Amend-  
ment of  
Act 40 of  
1978.

56. The Additional Duties of Excise (Textiles and Textile Articles) Act, 1973, shall be amended in the manner specified in the Fifth Schedule.

*Declaration under the Provisional Collection of Taxes Act, 1931.*

It is hereby declared that it is expedient in the public interest that the provisions of clauses 48, 49, 52, 53, 54, 55 and 56 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931,

16 of 1931.

## THE FIRST SCHEDULE

(See section 2)

## PART I

## INCOME-TAX SURCHARGE ON INCOME-TAX

*Paragraph A**Sub-Paragraph I*

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial judicial person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 18,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 25,000	25 per cent. of the amount by which the total income exceeds Rs. 18,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 1,750 plus 30 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 9,250 plus 40 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 29,250 plus 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1986 exceeds Rs. 18,000,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 12,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 12,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000	Rs. 2,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 8,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 40,000;
(5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000	Rs. 16,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 60,000;
(6) where the total income exceeds Rs. 1,00,000	Rs. 36,000 plus 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 10,000                        | 15 per cent. of the total income;   |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) where the total income exceeds Rs. 20,000                                | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000. |

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

*Rates of income-tax*

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 10,000                          | Nil ;  |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000   | 5 per cent. of the amount by which the total income exceeds Rs. 10,000;                    |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 750 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;       |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,500 plus 15 per cent. of the amount by which the total income exceeds Rs. 50,000;    |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 10,000                          | Nil ;   |
| (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000   | 4 per cent. of the amount by which the total income exceeds Rs. 10,000 ;                  |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 600 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000 ;     |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 2,350 plus 13 per cent. of the amount by which the total income exceeds Rs. 50,000 ;  |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 8,050 plus 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rates of income-tax*

On the whole of the total income	50 per cent.
----------------------------------	--------------



*Paragraph E*

In the case of a company,—

*Rates of income-tax***I. In the case of a domestic company,—**

- |   |                                    |
|---|------------------------------------|
| (1) where the company is a company in which the public are substantially interested     | 50 per cent. of the total income;  |
| (2) where the company is not a company in which the public are substantially interested |                                    |
| (i) in the case of a trading company or an investment company                           | 60 per cent. of the total income ; |
| (ii) in any other case  | 55 per cent. of the total income.  |

**II. In the case of a company other than a domestic company,—**

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government

50 per cent.;

(ii) on the balance, if any, of the total income

65 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

**PART II****RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES**

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(a) where the person is resident in India—	
(i) on income by way of interest other than "Interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;

	Rate of income-tax
(iv) on income by way of insurance commission	10 per cent.;
(v) on income by way of interest payable on	10 per cent.;
(A) any security, other than a tax-free security, of the Central or a State Government;	
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder	
(vi) on any other income (excluding interest payable on a tax-free security)	20 per cent.;
(b) where the person is not resident in India--	
(i) in the case of a non-resident Indian--	
(A) on investment income and long-term capital gains	20 per cent.;
(B) on income by way of interest payable on a tax-free security	15 per cent.;
(C) on the whole of the other income	income-tax at 30 per cent. of the amount of the income,
	or
	income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,
	whichever is higher;
(ii) in the case of any other person--	
(A) on the whole of the income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. of the amount of the income,
	or
	income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,
	whichever is higher;
(B) on income by way of interest payable on a tax-free security	15 per cent.;
2. In the case of a company--	
(a) where the company is a domestic company--	
(i) on income by way of interest other than "Interest on securities"	20 per cent.;
(ii) on any other income (excluding interest payable on a tax-free security)	21.5 per cent.;

	Rate of income-tax
(b) where the company is not a domestic company—	
(i) on income by way of dividends payable by any domestic company	25 per cent.;
(ii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.;
(iii) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern	30 per cent.;
(iv) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (iii)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,—	
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(v) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government—	
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(vi) on income by way of interest payable on a tax-free security	44 per cent.;
(vii) on any other income	65 per cent.

*Explanation.*—For the purposes of this Part, “investment income”, “long-term capital gains” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

### PART III

RATES FOR CALCULATING OR CHARGING INCOME TAX IN CERTAIN CASES  
DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD  
“SALARIES” OR ANY PAYMENT REFERRED TO IN SUB-SECTION (9) OF  
SECTION 80E AND COMPUTING “ADVANCE TAX”

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or

charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 30E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section], shall be so calculated, charged, deducted or computed at the following rate or rates:—

### *Paragraph A*

#### *Sub-Paragraph I*

In the case of every individual or Hindu undivided family or un-registered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

#### *Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 18,000                          | <i>Nil</i> ;  |
| (2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 25,000   | 25 per cent. of the amount by which the total income exceeds Rs. 18,000;                          |
| (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000   | Rs. 1,750 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 25,000;    |
| (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 9,250 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 50,000;    |
| (5) where the total income exceeds Rs. 1,00,000                                | Rs. 29,250 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

#### *Sub-Paragraph II*

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1987 exceeds Rs. 18,000,—

#### *Rates of income-tax*

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 12,000                          | <i>Nil</i> ;   |
| (2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000   | 25 per cent. of the amount by which the total income exceeds Rs. 12,000;                         |
| (3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000   | Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000;   |
| (4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000   | Rs. 8,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000;   |
| (5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000 | Rs. 16,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 60,000;  |
| (6) where the total income exceeds Rs. 1,00,000                                | Rs. 36,000 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000 |

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Sub-Paragraph II*

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

*Rates of income-tax*

(1) where the total income does not exceed Rs. 10,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income                      50 per cent.

*Paragraph E*

In the case of a company,—

*Rates of income-tax**I. In the case of a domestic company,—*

(1) where the company is a company in which the public are substantially interested                      50 per cent. of the total income ;

(2) where the company is not a company in which the public are substantially interested—

(i) in the case of a trading company or an investment company                      60 per cent. of the total income ;

(ii) in any other case                      55 per cent. of the total income.

*II. In the case of a company other than a domestic company,—*

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government                      50 per cent ;

(ii) on the balance, if any, of the total income                      65 per cent.

**PART IV**

[See section 2(7) (e)]

**RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME**

*Rule 1.*—Agricultural income of the nature referred to in sub-clause (ix) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

**Rule 2.**—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as adwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

**Rule 3.**—Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwellinghouse by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VI-A" shall be omitted.

**Rule 4.**—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

**Rule 5.**—Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 6.*—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

*Rule 7.*—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

*Rule 8.*— Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

*Rule 9.*—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1986, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981 or



the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1986.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st

day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986, is a loss, then, for the purposes of sub-section (6) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985 or the 1st day of April, 1986,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural

income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the period aforesaid.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules or the rules contained in Part IV of the Schedule to the Finance Act, 1978, or of the First Schedule to the Finance Act, 1979, or of <sup>19 of 1978.</sup> the First Schedule to the Finance (No. 2) Act, 1980, or of the First <sup>21 of 1979.</sup> Schedule to the Finance Act, 1981, or of the First Schedule to the Finance <sup>44 of 1980.</sup> Act, 1982, or of the First Schedule to the Finance Act, 1983, or of the First <sup>16 of 1981.</sup> Schedule to the Finance Act, 1984 or of the First Schedule to the Finance <sup>14 of 1982.</sup> Act, 1985, shall be set off under sub-rule (1) or, as the case may be, sub- <sup>11 of 1983.</sup> rule (2). <sup>21 of 1984.</sup> <sup>32 of 1985.</sup>

**Rule 10.**—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

**Rule 11.**—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

**Rule 12.**—For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

## THE SECOND SCHEDULE

(See section 18)

In the First Schedule to the Customs Tariff Act,—

(i) in Chapter 9, in sub-heading No. 0904·20, the entry in column (5) shall be omitted;

(ii) in Chapter 28, in sub-heading No. 2815·12, for the entry in column (4), the entry “200% plus Rs. 1,500 per tonne” shall be substituted;

(iii) in Chapter 29,—

(1) in sub-heading No. 2917·36, for the entry in column (4), the entry “150% plus Rs. 10 per Kilogram” shall be substituted;

(2) in sub-heading No. 2917·37, for the entries in columns (4) and (5), the entries “150% plus Rs. 10 per Kilogram” and “140% plus Rs. 10 per Kilogram” shall, respectively, be substituted;

(iv) in Chapter 39, in sub-heading Nos. 3904·10, 3904·21 and 3904·22, for the entry in column (4), the entry “200% plus Rs. 10,500 per tonne” shall be substituted;

(v) in Chapter 48, in sub-heading No. 4814·20, for the entry in column (4), the entry “200%” shall be substituted;

(vi) in Chapter 84,—

(1) in sub-heading Nos. 8401·10, 8401·20, 8402·11, 8402·12, 8402·19, 8402·20, 8404·20, 8405·10, 8406·11 and 8406·19, for the entry in column (4), the entry “50%” shall be substituted;

(2) in sub-heading Nos. 8407·10, 8407·21, 8407·29, 8407·31, 8407·32, 8407·33, 8407·34, 8407·90, 8408·10, 8408·20 and 8408·90, for the entry in column (4), the entry “110%” shall be substituted;

(3) in sub-heading Nos. 8410·11, 8410·12, 8410·13, 8411·11, 8411·12, 8411·21, 8411·22, 8411·81, 8411·82, 8412·10, 8412·21, 8412·29, 8412·31 and 8412·39, for the entry in column (4), the entry “50%” shall be substituted;

(4) in sub-heading Nos. 8412·80, 8413·11, 8413·19 and 8413·20, for the entry in column (4), the entry “70%” shall be substituted;

(5) in sub-heading No. 8413·30, for the entry in column (4), the entry “110%” shall be substituted;

(6) in sub-heading Nos. 8413·40, 8413·50, 8413·60, 8413·70, 8413·81, 8413·82, 8414·10 and 8414·20, for the entry in column (4), the entry “50%” shall be substituted;

(7) in sub-heading No. 8414·30, for the entry in column (4), the entry “110%” shall be substituted;

(8) in sub-heading No. 8414·40, for the entry in column (4), the entry “50%” shall be substituted;

(9) in sub-heading Nos. 8414·51, 8414·59, 8414·60, 8414·80, 8415·10, 8415·81, 8415·82 and 8415·83, for the entry in column (4), the entry “110%” shall be substituted;

(10) in sub-heading Nos. 8416·10, 8416·20 and 8416·30, for the entry in column (4), the entry “50%” shall be substituted;

- (11) in sub-heading Nos. 8418.10, 8418.21, 8418.22, 8418.29, 8418.30, 8418.40, 8418.50, 8418.61 and 8418.69, for the entry in column (4), the entry "110%" shall be substituted;
- (12) in sub-heading Nos. 8419.11 and 8419.19, for the entry in column (4), the entry "70%" shall be substituted;
- (13) in sub-heading Nos. 8419.20, 8419.31, 8419.32, 8419.39 and 8419.40, for the entry in column (4), the entry "50%" shall be substituted;
- (14) in sub-heading Nos. 8419.50, 8419.60, 8419.81 and 8419.89, for the entry in column (4), the entry "70%" shall be substituted;
- (15) in sub-heading Nos. 8420.10, 8421.11, 8421.12, 8421.19, 8421.21 and 8421.22, for the entry in column (4), the entry "50%" shall be substituted;
- (16) in sub-heading Nos. 8421.23, 8421.29, 8421.31 and 8421.39, for the entry in column (4), the entry "110%" shall be substituted;
- (17) in sub-heading Nos. 8422.11, 8422.19, 8422.20, 8422.30, 8422.40, 8423.10, 8423.20, 8423.30, 8423.81, 8423.82, 8423.89, 8424.10 and 8424.20, for the entry in column (4), the entry "70%" shall be substituted;
- (18) in sub-heading Nos. 8424.30, 8424.81, 8424.89, 8425.11, 8425.19, 8425.20, 8425.31, 8425.39, 8425.41, 8425.42, 8425.49 and 8426.11, for the entry in column (4), the entry "50%" shall be substituted;
- (19) in sub-heading No. 8426.12, for the entry in column (4), the entry "70%" shall be substituted;
- (20) in sub-heading Nos. 8426.19, 8426.20 and 8426.30, for the entry in column (4), the entry "50%" shall be substituted;
- (21) in sub-heading No. 8426.41, for the entry in column (4), the entry "70%" shall be substituted;
- (22) in sub-heading Nos. 8426.49, 8426.91 and 8426.99, for the entry in column (4), the entry "50%" shall be substituted;
- (23) in sub-heading Nos. 8428.10, 8428.20, 8428.31, 8428.32, 8428.33, 8428.39, 8428.40, 8428.50, 8428.60, 8428.90, 8429.11, 8429.19, 8429.20, 8429.30, 8429.40, 8429.51, 8429.52, 8429.59, 8430.10, 8430.20, 8430.31, 8430.39, 8430.41, 8430.49, 8430.50, 8430.61, 8430.62, 8430.69, 8432.10, 8432.21, 8432.29, 8432.30 and 8432.40, for the entry in column (4), the entry "50%" shall be substituted;
- (24) in sub-heading No. 8432.80, for the entry in column (4), the entry "70%" shall be substituted;
- (25) in sub-heading Nos. 8433.11, 8433.19, 8433.20, 8433.30, 8433.40, 8433.51, 8433.52, 8433.53, 8433.59, 8433.60, 8434.10 and 8434.20, for the entry in column (4), the entry "50%" shall be substituted;
- (26) in sub-heading No. 8435.10, for the entry in column (4), the entry "70%" shall be substituted;
- (27) in sub-heading Nos. 8436.10, 8436.21, 8436.29, 8436.80, 8437.10 and 8437.80, for the entry in column (4), the entry "50%" shall be substituted;
- (28) in sub-heading Nos. 8438.10 and 8438.20, for the entry in column (4), the entry "70%" shall be substituted;
- (29) in sub-heading No. 8438.30, for the entry in column (4), the entry "50%" shall be substituted;
- (30) in sub-heading Nos. 8438.40, 8438.50, 8438.60 and 8438.80, for the entry in column (4), the entry "70%" shall be substituted;
- (31) in sub-heading Nos. 8439.10, 8439.20, 8439.30 and 8440.10, for the entry in column (4), the entry "50%" shall be substituted;
- (32) in sub-heading Nos. 8441.20, 8441.30, 8441.40, 8441.80, 8442.10, 8442.20, 8442.30, 8443.11, 8443.12, 8443.19, 8443.21, 8443.29, 8443.30,

8443.40, 8443.50, 8443.60, 8444.00, 8445.11, 8445.12, 8445.13, 8445.19, 8445.20, 8445.30, 8445.40, 8445.90, 8446.10, 8446.21, 8446.29 and 8446.30, for the entry in column (4), the entry "50%" shall be substituted;

(33) in sub-heading Nos. 8447.11, 8447.12, 8447.20 and 8447.90, for the entry in column (4), the entry "70%" shall be substituted;

(34) in sub-heading No. 8448.11, for the entry in column (4), the entry "50%" shall be substituted;

(35) in sub-heading No. 8448.19, for the entry in column (4), the entry "70%" shall be substituted;

(36) in sub-heading No. 8449.00, for the entry in column (4), the entry "50%" shall be substituted;

(37) in sub-heading Nos. 8450.11, 8450.12, 8450.19, 8450.20, 8451.10, 8451.21, 8451.29, 8451.30 and 8451.40, for the entry in column (4), the entry "70%" shall be substituted;

(38) in sub-heading No. 8451.50, for the entry in column (4), the entry "50%" shall be substituted;

(39) in sub-heading No. 8451.80, for the entry in column (4), the entry "70%" shall be substituted;

(40) in sub-heading No. 8452.10, for the entry in column (4), the entry "110%" shall be substituted;

(41) in sub-heading Nos. 8452.21, 8452.29, 8453.10, 8453.20, 8453.80, 8455.10, 8455.21 and 8455.22, for the entry in column (4), the entry "50%" shall be substituted;

(42) in sub-heading Nos. 8456.10, 8456.20, 8456.30, 8456.90, 8457.10, 8457.20, 8457.30, 8458.11, 8458.19, 8458.91, 8458.99, 8459.10, 8459.21, 8459.29, 8459.31, 8459.39, 8459.40, 8459.51, 8459.59, 8459.61, 8459.69, 8459.70, 8460.11, 8460.19, 8460.21, 8460.29, 8460.31, 8460.39, 8460.40, 8460.90, 8461.10, 8461.20, 8461.30, 8461.40, 8461.50, 8461.90, 8462.10, 8462.21, 8462.29, 8462.31, 8462.39, 8462.41, 8462.49, 8462.91, 8462.99, 8463.10, 8463.20, 8463.30, 8463.90, 8464.10, 8464.20, 8464.90, 8465.10, 8465.91, 8465.92, 8465.93, 8465.94, 8465.95, 8465.96 and 8465.99, for the entry in column (4), the entry "250%" shall be substituted;

(43) in sub-heading Nos. 8467.11, 8467.19, 8467.81 and 8467.89, for the entry in column (4), the entry "50%" shall be substituted;

(44) in sub-heading Nos. 8468.10, 8468.20 and 8468.80, for the entry in column (4), the entry "70%" shall be substituted;

(45) in sub-heading Nos. 8474.10, 8474.20, 8474.31, 8474.32, 8474.39, 8474.80, 8475.10 and 8475.20, for the entry in column (4), the entry "50%" shall be substituted;

(46) in sub-heading Nos. 8476.11 and 8476.19, for the entry in column (4), the entry "70%" shall be substituted;

(47) in sub-heading Nos. 8477.10, 8477.20, 8477.30, 8477.40, 8477.51, 8477.59, 8477.80 and 8478.10, for the entry in column (4), the entry "50%" shall be substituted;

(48) in sub-heading No. 8479.10, for the entry in column (4), the entry "70%" shall be substituted;

(49) in sub-heading Nos. 8479.20, 8479.30 and 8479.40, for the entry in column (4), the entry "50%" shall be substituted;

(50) in sub-heading Nos. 8479.81, 8479.82 and 8479.89, for the entry in column (4), the entry "70%" shall be substituted;

(51) in sub-heading No. 8481.30, for the entry in column (4), the entry "60%" shall be substituted;

(52) in sub-heading Nos. 8482.91 and 8482.99, for the entry in column (4), the entry "200 % plus Rs. 100 per piece" shall be substituted;

(vii) in Chapter 85,—

(1) in sub-heading Nos. 8501.10, 8501.20, 8501.31 and 8501.32, for the entry in column (4), the entry "110%" shall be substituted ;

(2) in sub-heading Nos. 8501.33 and 8501.34, for the entry in column (4), the entry "50%" shall be substituted ;

(3) in sub-heading Nos. 8501.40, 8501.51 and 8501.52, for the entry in column (4), the entry "110%" shall be substituted;

(4) in sub-heading Nos. 8501.53, 8501.61, 8501.62, 8501.63, 8501.64, 8502.11, 8502.12, 8502.13, 8502.20, 8502.30 and 8502.40, for the entry in column (4), the entry "50%" shall be substituted;

(5) in sub-heading Nos. 8504.10 and 8504.21, for the entry in column (4), the entry "110%" shall be substituted;

(6) in sub-heading Nos. 8504.22 and 8504.23, for the entry in column (4), the entry "50%" shall be substituted;

(7) in sub-heading Nos. 8504.31 and 8504.32, for the entry in column (4), the entry "110%" shall be substituted;

(8) in sub-heading Nos. 8504.33, 8504.34 and 8504.40, for the entry in column (4), the entry "50%" shall be substituted ;

(9) in sub-heading No. 8504.50, for the entry in column (4), the entry "110%" shall be substituted;

(10) in sub-heading Nos. 8508.10, 8508.20, 8508.80, 8509.10, 8509.20, 8509.30, 8509.40, 8509.80, 8510.10 and 8510.20, for the entry in column (4), the entry "70%" shall be substituted;

(11) in sub-heading Nos. 8515.11 and 8515.19, for the entry in column (4), the entry "70%" shall be substituted;

(12) in sub-heading Nos. 8515.21, 8515.29, 8515.31, 8515.39 and 8515.80, for the entry in column (4), the entry "50%" shall be substituted;

(13) in sub-heading Nos. 8516.10, 8516.21, 8516.29, 8516.31, 8516.32, 8516.33, 8516.40, 8516.50, 8516.60, 8516.71, 8516.72, 8516.79 and 8516.80, for the entry in column (4), the entry "70%" shall be substituted;

(14) in sub-heading Nos. 8517.10, 8517.20, 8517.30, 8517.40, 8517.81, 8517.82, 8543.10, 8543.20, 8543.30 and 8543.80, for the entry in column (4), the entry "110%" shall be substituted;

(viii) in Chapter 89, in sub-heading No. 8908.00, for the entry in column (4), the entry "40% plus Rs. 1,400 per Light Displacement Tonnage" shall be substituted;

## THE THIRD SCHEDULE

(See section 52)

## PART I

In the Schedule to the Central Excise Tariff Act,—

(1) under the heading "*Rules for the interpretation of this Schedule*", in rule 2, in clause (a), for the words "a reference to that goods", at both the places where they occur, the words "a reference to those goods" shall be substituted;

(2) in Chapter 9,—

(a) in sub-heading No. 0901·11, for the entry in column (4), the entry "Rs. 78 per quintal" shall be substituted;

(b) in sub-heading No. 0901·19, for the entry in column (4), the entry "Rs. 105 per quintal" shall be substituted;

(c) in sub-heading No. 0902·11, in column (4), for the figures and word "40 paise", the figures and word "44 paise" shall be substituted;

(d) in sub-heading No. 0902·12, in column (4), for the abbreviation and figure "Re.1", the abbreviation and figures "Re. 1.10" shall be substituted;

(e) in sub-heading No. 0902·13, in column (4), for the figures and abbreviation "10%", the figures and abbreviation "11%" shall be substituted;

(3) in Chapter 15, in sub-heading No. 1503·10, for the entry in column (4), the entry "Rs. 5,000 per tonne" shall be substituted;

(4) in Chapter 17,—

(a) in NOTE 2, for the words "For the purposes of this Chapter", the words, letters and figures "For the purposes of sub-heading Nos. 1701·10, 1701·20, 1701·31 and 1701·39" shall be substituted;

(b) in heading No. 17·01, after sub-heading No. 1701·20 and the entries relating thereto, in column (3), for the entry "-Cane sugar, other than khandsari sugar:", the entry "-Sugar, other than khandsari sugar:" shall be substituted;

(5) in Chapter 19, in heading No. 19·05, after sub-heading No. 1905·19 and the entries relating thereto, in column (3), for the entry "Cakes and pastry:", the entry "-Cakes and pastry:" shall be substituted;

(6) in Chapter 20, in sub-heading No. 2001·10, for the entry in column (4), the entry "15%" shall be substituted;

(7) in Chapter 21,—

(a) for NOTE 3, the following shall be substituted, namely:—

'3. In this Chapter, "Pan Masala" means any preparation containing betel nuts and any one or more of other ingredients such as lime, katha (catechu), cardamom, copra, menthol and tobacco; and in relation to such a preparation, labelling or re-labelling of containers and re-packing from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer, shall amount to "manufacture".';



(b) in sub-heading No. 2101·10, in column (4), for the figures and abbreviation "25%", the figures and abbreviation "26%" shall be substituted;

(c) in sub-heading No. 2101·20, in column (4), for the figures and abbreviation "10%", the figures and abbreviation "11%" shall be substituted;

(d) in sub-heading No. 2103·19, for the entry in column (4), the entry "10%" shall be substituted;

(8) in Chapter 22,—

(a) for the title of the Chapter, the following title and Note shall be substituted, namely:—

### "BEVERAGES, VINEGAR AND SPIRITS

#### NOTE

This Chapter does not cover alcoholic liquors for human consumption."

(b) in sub-heading No. 2202·90, for the entry in column (4), the entry "15%" shall be substituted;

(9) in Chapter 23, in sub-heading No. 2301·00, for the entry in column (4), the entry "12%" shall be substituted;

(10) in Chapter 24,—

(a) in heading No. 24·02, after sub-heading No. 2402·10 and the entries relating thereto, in column (3), for the entry "Bearing a brand name and of which the value per thousand:", the entry "Bearing a brand name and of which the value per hundred:" shall be substituted;

(b) in sub-heading No. 2404·31, for the entry in column (4), the entry "Rs. 6·30 per thousand" shall be substituted;

(11) in Chapter 27,—

(a) in sub-heading Nos. 2701·00 and 2704·00, for the entry in column (4), the entry "12%" shall be substituted;

(b) in heading No. 27·10,—

(i) in sub-heading Nos. 2710·21 and 2710·31, for the entry in column (4), the entry "Rs. 1,000 per kilolitre at 15° C" shall be substituted;

(ii) after sub-heading No. 2710·29 and the entries relating thereto, in column (3) in the portion occurring before sub-heading No. 2710·31, for the words and figures "smoke point of less than 10 millimetres or more", the words and figures "smoke point of 10 millimetres or more" shall be substituted;

(c) in sub-heading No. 2710·50, for the entry in column (4), the entry "Rs. 127·10 per kilolitre at 15° C" shall be substituted;

(d) in sub-heading Nos. 2710·60, 2710·70 and 2710·80, for the entry in column (4), the entry "Rs. 3,675 per tonne" shall be substituted;

(e) in sub-heading No. 2710·92, for the entry in column (4), the entry "21%" shall be substituted;

(f) in sub-heading No. 2710·93, for the entry in column (4), the entry "Rs. 630 per tonne" shall be substituted;

(g) in sub-heading No. 2710·94, for the entry in column (4), the entry "Rs. 620·25 per tonne" shall be substituted;

(h) in sub-heading No. 2710·95, for the entry in column (4), the entry "Rs. 3,675 per tonne" shall be substituted;

(i) in sub-heading No. 2710·99, for the entry in column (4), the entry "20% *plus* Rs. 250 per tonne" shall be substituted;

(j) in sub-heading No. 2711·19, for the entry in column (4), the entry "Rs. 1,000 per tonne" shall be substituted;

(k) in sub-heading No. 2712·20, for the entry in column (4), the entry "20% *plus* Rs. 550 per tonne" shall be substituted;

(l) in sub-heading No. 2713·11, for the entry in column (4), the entry "21%" shall be substituted;

(m) in sub-heading No. 2713·12, for the entry in column (4), the entry "21%" shall be substituted;

(n) in sub-heading No. 2713·21, for the entry in column (4), the entry "Rs. 157 per tonne" shall be substituted;

(o) in sub-heading No. 2713·22, for the entry in column (4), the entry "Rs. 110·30 per tonne" shall be substituted;

(p) in sub-heading No. 2713·31, for the entry in column (4), the entry "Rs. 154·50 per tonne" shall be substituted;

(q) in sub-heading No. 2713·32, for the entry in column (4), the entry "Rs. 154·50 per tonne" shall be substituted;

(r) in sub-heading No. 2713·39, for the entry in column (4), the entry "20% *plus* Rs. 250 per tonne" shall be substituted;

(s) in heading No. 27·14, in column (3), for the entry "Bitumen straight grade:", the entry "Bitumen and asphalt, straight grade:" shall be substituted;

(t) in sub-heading No. 2714·11, for the entry in column (4), the entry "Rs. 157 per tonne" shall be substituted;

(u) in sub-heading No. 2714·12, for the entry in column (4), the entry "Rs. 110·30 per tonne" shall be substituted;

(v) in heading No. 27·15, in column (3), for the entry "Bituminous cut backs:", the entry "Cut-back bitumen or asphalt:" shall be substituted;

(w) in sub-heading No. 2715·11, for the entry in column (4), the entry "Rs. 157·30 per tonne" shall be substituted;

(x) in sub-heading No. 2715·12, for the entry in column (4), the entry "Rs. 110·00 per tonne" shall be substituted;

(12) in Chapter 28,—

(a) in sub-heading No. 2801·90, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading No. 2802·20, in column (3), for the entry "Sulphuric acid; oleum", the entry "Sulphuric acid and anhydrides thereof; oleum" shall be substituted;

(c) in sub-heading No. 2802·30, in column (3), for the entry "Nitric acid; sulphonitric acids", the entry "Nitric acid" shall be substituted;

(d) in sub-heading No. 2802·90, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading No. 2803·00, for the entry in column (4), the entry "15%" shall be substituted;

(f) in sub-heading No. 2804·10, for the entry in column (4), the entry "Rs. 1,000 per tonne" shall be substituted;

(g) in sub-heading Nos. 2804·40, 2804·50 and 2804·60, for the entry in column (4), the entry "10%" shall be substituted;

(h) in sub-heading No. 2804·90, for the entry in column (4), the entry "15%" shall be substituted;

(i) in sub-heading Nos. 2805·30, 2805·90 and 2806·90, for the entry in column (4), the entry "15%" shall be substituted;

(13) in Chapter 29,—

(a) in NOTE 2, for clause (b) the following clause shall be substituted, namely :—

"(b) Ethyl Alcohol;

(b) in sub-heading No. 2901·10, in column (4), for the abbreviation and figure "Rs. 7", the abbreviation and figures "Rs. 11" shall be substituted;

(c) in sub-heading No. 2901·20, for the entry in column (4), the entry "35%" shall be substituted;

(d) in sub-heading Nos. 2901·90, 2902·90, 2903·90, 2904·00 and 2905·00, for the entry in column (4), the entry "15%" shall be substituted;

(e) sub-heading No. 2902·20 shall be omitted;

(f) sub-heading No. 2902·30 shall be renumbered as sub-heading No. 2902·20;

(g) in heading No. 29·06, the entry in column (4) shall be omitted;

(h) in sub-heading Nos. 2906·90, 2907·90, 2908·00, 2909·90, 2910·00, 2911·90 and 2913·00, for the entry in column (4), the entry "15%" shall be substituted;

(14) in Chapter 30, in sub-heading Nos. 3003·19, 3004·00, 3005·20, 3005·90, for the entry in column (4), the entry 15% shall be substituted;

(15) in Chapter 31,—

(a) below the title of the Chapter, the following NOTES shall be inserted, namely:—

#### NOTES

1. Heading Nos. 31·02, 31·03, 31·04 and 31·05 cover mineral or chemical fertilisers, even when they are clearly not to be used as fertilisers.

2. For the purposes of heading No. 31·05, the term "other fertilisers" applies only to products of a kind used as fertilisers and containing, as an essential constituent, at least one of the fertilising elements: nitrogen, phosphorus or potassium.

(b) in sub-heading Nos. 3102·00, 3103·00, 3104·00 and 3105·00 for the entry in column (4), the entry "15%" shall be substituted;

(16) in Chapter 32,—

(a) in the NOTES,—

(i) in NOTE 2, after the words "dispersed in non-aqueous", the words "media, in liquid or paste form, of a kind used in the" shall be inserted;

(ii) after NOTE 5, the following NOTE shall be inserted, namely:—

'6. In relation to synthetic organic dyes (including pigment dyes) of heading No. 32·04, conversion of unformulated, unstandardised or unprepared forms (for example, wet cakes) of such dyes by—

(a) reduction in particle size,

(b) addition of dispersing agents or diluents, or

(c) adoption of any other treatment,

into their formulated, standardised or prepared forms ready for use in the process of dyeing shall amount to "manufacture"

(b) in sub-heading Nos. 3201·00, 3202·00 and 3203·00, for the entry in column (4), the entry "15%" shall be substituted;

(c) in sub-heading No. 3205·00, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 3206·11, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading Nos. 3206·19, 3206·20, 3206·90 and 3207·90, for the entry in column (4), the entry "10%" shall be substituted;

(f) in sub-heading Nos. 3208·10, 3208·20, 3208·30, 3208·40, 3208·90, 3209·10, 3209·20, 3209·90, 3210·10, 3210·20 and 3210·90, for the entry in column (4), the entry "60%" shall be substituted;

(g) in sub-heading No. 3211·00, for the entry in column (4), the entry "15%" shall be substituted;

(h) in heading No. 32·12, in column (3), for the words "DYES AND OTHER COLOURING MATTER", the words and brackets "DYES AND OTHER COLOURING MATTER PUT UP IN FORMS (FOR EXAMPLE, BALLS, TABLETS AND THE LIKE) OR SMALL PACKINGS (FOR EXAMPLE, SACHETS OR BOTTLES OF LIQUID) OF A KIND USED FOR DOMESTIC OR LABORATORY PURPOSES" shall be substituted;

(i) in sub-heading No. 3212·10, for the entry in column (4), the entry "15%" shall be substituted;

(j) in sub-heading No. 3212·90, for the entry in column (4), the entry "20%" shall be substituted;

(k) in sub-heading No. 3213·00, for the entry in column (4), the entry "10%" shall be substituted;

(l) in sub-heading Nos. 3214·00 and 3215·00, for the entry in column (4), the entry "15%" shall be substituted;

(17) in Chapter 33,—

(a) in Note 3, the words "odoriferous preparations which operate by burning;" shall be omitted;

(b) in sub-heading No. 3301·00, for the entry in column (4), the entry "20%" shall be substituted;

(c) in sub-heading No. 3303·00, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 3305·10, for the entry in column (4), the entry "25%" shall be substituted;

(e) in sub-heading No. 3306·00, for the entry in column (4), the entry "15%" shall be substituted;

(f) in sub-heading No. 3308·90, for the entry in column (4), the entry "15%" shall be substituted;

(18) in Chapter 34,—

(a) in sub-heading No. 3401·20, for the entry in column (4), the entry "20%" shall be substituted;

(b) in sub-heading No. 3401·30, for the entry in column (4), the entry "15%" shall be substituted;

(c) in sub-heading No. 3402·90, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 3404·00, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading Nos. 3405·10, 3405·20, 3405·30, 3405·40 and 3405·90, for the entry in column (4), the entry "20%" shall be substituted;

(f) in sub-heading Nos. 3406·00 and 3407·00, for the entry in column (4), the entry "15%" shall be substituted;

(19) in Chapter 35, in sub-heading No. 3501·90, for the entry in column (4), the entry "15%" shall be substituted;

(20) in Chapter 36, in sub-heading Nos. 3601·00, 3602·10, 3602·90 and 3604·00, for the entry in column (4), the entry "15%" shall be substituted;

(21) in Chapter 37,-

(a) in sub-heading No. 3701·10, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading No. 3701·90, for the entry in column (4), the entry "20%" shall be substituted;

(c) in sub-heading Nos. 3702·10 and 3702·20, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 3704·00, for the entry in column (4), the entry "30 paise per metre" shall be substituted;

(e) in heading No. 37·05, in column (3), for the words "-Prints of films intended for specific purposes", the words "-Prints of films intended for specified purposes:" shall be substituted;

(f) sub-heading No. 3705·34 and the entries relating thereto shall be omitted;

(g) in sub-heading No. 3705·39, for the entry in column (4), the entry "55 paise per metre" shall be substituted;

(h) in sub-heading No. 3706·00, for the entry in column (4), the entry "15%" shall be substituted;

(22) in Chapter 38,-

(a) in sub-heading Nos. 3801·11 and 3801·19, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading Nos. 3801·40 and 3801·90, for the entry in column (4), the entry "15%" shall be substituted;

(23) in Chapter 39,-

(a) in NOTE 11,-

(i) in the opening portion, for the words and figures "Heading No. 39·23 applies only to", the words and figures "Heading No. 39·22 applies *inter alia* to" shall be substituted;

(ii) in clause (a), the words and figures "of a capacity exceeding 300 litres" shall be omitted;

(iii) in clause (i), the word "and" at the end shall be omitted;

(iv) after clause (j), the following clauses shall be inserted, namely :—

"(k) Transmission, conveyor or elevator belts, endless, or cut-to-length and joined end to end, or fitted with fasteners; and

(l) Household articles of plastics (for example, dust bins, buckets, watering cans, luncheon boxes, knives, forks).";

(b) in sub-heading Nos. 3901·10, 3901·20, 3901·90, 3902·10, 3902·20, 3902·90, 3903·10, 3903·20, 3903·30, 3903·90, 3904·10, 3904·20, 3904·30, 3904·90, 3905·10, 3905·20, 3905·90, 3906·10, 3906·20, 3906·90, 3907·10, 3907·20, 3907·30, 3907·40, 3907·51, 3907·59, 3907·60, 3907·70, 3907·80, 3907·91, 3907·99 and 3908·00, for the entry in column (4), the entry "60%" shall be substituted;

(c) in heading No. 39·09, in column (3), for the word "AMINO-RESINS", the words "AMINO-RESINS, POLYPHENYLENE OXIDE" shall be substituted;

(d) in sub-heading Nos. 3909·10, 3909·20, 3909·30, 3909·40, 3909·51, 3909·52 and 3909·59, for the entry in column (4), the entry "60%" shall be substituted;

(e) in sub-heading Nos. 3910·00, 3911·10, 3911·90, 3912·10, 3912·21, 3912·22, 3912·30, 3912·40, 3912·90, 3913·10, 3913·20, 3913·30, 3913·90, 3914·00, 3915·00, 3916·00, 3917·00, 3918·00, 3919·00, 3920·11, 3920·12, 3920·21, 3920·22, 3920·29, 3920·31 and 3920·32, for the entry in column (4), the entry "60%" shall be substituted;

(f) in heading No. 39·21, in column (3), for the words "-Cellular, including polyuethane, foam", the words "-Cellular, including polyurethane foam:" shall be substituted;

(g) heading No. 39·22 and the entries relating thereto shall be omitted;  
(24) in Chapter 40,-

(a) in NOTE 3, for the word "excluding", the word "including" shall be substituted;

(b) in sub-heading Nos. 4001·00, 4002·00, 4003·00 and 4004·00, for the entry in column (4), the entry "15%" shall be substituted;

(c) in sub-heading Nos. 4005·00 and 4006·10, for the entry in column (4), the entry "40%" shall be substituted;

(d) in sub-heading Nos. 4006·90 and 4007·00, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading Nos. 4008·11 and 4008·19, for the entry in column (4), the entry "60%" shall be substituted;

(f) in sub-heading No. 4008·21, for the entry in column (4), the entry "40%" shall be substituted;

(g) in sub-heading No. 4010·90, for the entry in column (4), the entry "30%" shall be substituted;

(h) in sub-heading No. 4014·90, for the entry in column (4), the entry "15%" shall be substituted;

(i) in sub-heading No. 4015·10, for the entry in column (4), the entry "60%" shall be substituted;

(j) in sub-heading Nos. 4015·90, 4016·00, 4017·00, 4018·10 and 4018·20, for the entry in column (4), the entry "15%" shall be substituted;

(25) in Chapter 41, in sub-heading No. 4101·00, for the entry in column (4), the entry "12%" shall be substituted;

(26) in Chapter 44,-

(a) in heading No. 44·07, in column (3), for the word "-FIBREBOARD", the word "FIBREBOARD" shall be substituted;

(b) in heading No. 44·08, in column (3), for the word "-PLYWOOD", the word "PLYWOOD" shall be substituted;

(c) in sub-heading Nos. 4408·10 and 4408·20, for the entry in column (4), the entry "20%" shall be substituted;

(d) in sub-heading No. 4408·40, in column (3), for the words "-Cuttings and trimmings of plywood", the words and figure "-Cuttings and trimmings of plywood of width not exceeding 5 centimetres" shall be substituted;

(27) in Chapter 48,-

(a) sub-heading No. 4801·20 shall be renumbered as sub-heading No. 4801·90;

(b) in sub-heading No. 4802·91, for the entry in column (4), the entry "10% plus Rs. 1,700 per tonne" shall be substituted;

(c) in sub-heading No. 4802·99, for the entry in column (4), the entry "10% plus Rs. 1,300 per tonne" shall be substituted;

(d) in sub-heading Nos. 4804·19, 4804·29 and 4804·30, for the entry in column (4), the entry "10% plus Rs. 1,700 per tonne" shall be substituted;

(e) in heading No. 48·05, in column (3), for the words "made out of mixed waste papers with or without screenings and mechanical pulp", the words "made out of mixed waste papers, whether or not containing screenings or mechanical pulp" shall be substituted;

(f) in sub-heading No. 4805·19, for the entry in column (4), the entry "10% plus Rs. 575 per tonne" shall be substituted;

(g) in sub-heading No. 4805·30, for the entry in column (4), the entry "10% plus Rs. 2,000 per tonne" shall be substituted;

(h) in sub-heading Nos. 4806·10 and 4806·20, for the entry in column (4), the entry "10% plus Rs. 2,200 per tonne" shall be substituted;

(i) in sub-heading No. 4807·10, for the entry in column (4), the entry "10% plus Rs. 1,550 per tonne" shall be substituted;

(j) in sub-heading No. 4807·91, in column (3), for the word "drying", the word "sun-drying" shall be substituted;

(k) in sub-heading No. 4807·92, for the entry in column (4), the entry "10% plus Rs. 575 per tonne" shall be substituted;

(l) in sub-heading No. 4807·99, for the entry in column (4), the entry "10% plus Rs. 1,550 per tonne" shall be substituted;

(m) in sub-heading Nos. 4808·10 and 4808·90, for the entry in column (4), the entry "10% plus Rs. 1,550 per tonne" shall be substituted;

(n) in sub-heading Nos. 4809·10, 4809·20 and 4809·90, for the entry in column (4), the entry "35%" shall be substituted;

(o) in sub-heading No. 4810·10, for the entry in column (4), the entry "10% plus Rs. 1,700 per tonne" shall be substituted;

(p) in sub-heading No. 4810·20, for the entry in column (4), the entry "10% plus Rs. 2,200 per tonne" shall be substituted;

(q) in sub-heading Nos. 4811·10 and 4811·20, for the entry in column (4), the entry "10% plus Rs. 1,550 per tonne" shall be substituted;

(r) in sub-heading Nos. 4811·39 and 4811·40, for the entry in column (4), the entry "10% plus Rs. 2,200 per tonne" shall be substituted;

(s) in sub-heading No. 4813·00, for the entry in column (4), the entry "10% plus Rs. 2,200 per tonne" shall be substituted;

(t) in sub-heading No. 4816·00, for the entry in column (4), the entry "35%" shall be substituted;

(u) in sub-heading Nos. 4817·10, 4817·20 and 4817·90, for the entry in column (4), the entry "10% plus Rs. 1,550 per tonne" shall be substituted;

(v) in sub-heading No. 4818·13, for the entry in column (4), the entry "35%" shall be substituted;

(28) in Chapter 49, in NOTE 1, clause (c) shall be omitted ;

(29) in Chapter 52,-

(a) after NOTE 5, the following NOTE shall be inserted, namely :—

"6. Heading No. 52·01 applies only to such waste yarn (hard waste) as may arise prior to the removal of yarn for weaving.";

(b) in sub-heading No. 5203·32, in column (4), for the words "per count", the words "per count per kilogram" shall be substituted;

(c) in sub-heading No. 5203.33, for the entry in column (4), the entry "26.40 paise *plus* 4.40 paise per count per kilogram exceeding 35" shall be substituted ;

(d) in sub-heading Nos. 5203.34, 5203.35, 5203.41, 5203.42 and 5203.43, in column (4), for the words "per count", the words "per count per kilogram" shall be substituted ;

(e) in sub-heading No. 5204.21, for the entry in column (4), the entry "Rs. 10 per kilogram" shall be substituted ;

(30) in Chapter 53, after sub-heading No. 5303.20 and the entries relating hereto, in column (3), for the words "—In or in relation to", the words "—Rannie yarn, in or in relation to" shall be substituted ;

(31) in Chapter 54,—

(a) for NOTE 4, the following NOTES shall be substituted, namely:—

‘4. For the purposes of heading Nos. 54.02 and 54.04, the denier of the mother yarn for split yarn shall be the denier of the single monofilament yarn (of the lowest denierage) comprising the mother yarn.

5. In this Chapter "waste" means wastes arising in or in relation to the manufacture of (i) filaments; or (ii) strips and the like of synthetic or artificial textile materials of an apparent width not exceeding 5 millimetres.’;

(b) in heading No. 54.04, -

(i) in sub-heading No. 5404.16, in column (4), for the abbreviation and figures "Rs. 3.72", the abbreviation and figures "Rs. 4 05" shall be substituted ;

(ii) sub-heading Nos. 5404.21, 5404.22, 5404.23, 5404.24 and 5404.25 shall be renumbered as sub-heading Nos. 5404.91, 5404.92, 5404.93, 5404.94 and 5404.95, respectively ;

(32) in Chapter 55,—

(a) after NOTE 3, the following NOTE shall be inserted, namely :—

“4. In relation to waste yarn(hard waste)of artificial staple fibres, sub-heading No. 5503.39 applies only to such waste yarn as may arise prior to the removal, for weaving, of yarn of artificial staple fibres.” ;

(b) sub-heading No. 5501.40, and the entries relating thereto shall be omitted ;

(c) in sub-heading Nos. 5504.21 and 5504.22, for the entry in column (4), the entry "Rs. 10 per kilogram" shall be substituted ;

(d) in sub-heading No. 5505.32, in column (4), for the words "per count", the words "per count per kilogram" shall be substituted ;

(e) in sub-heading No. 5505.33, for the entry in column (4), the entry "26.40 paise *plus* 4.40 paise per count per kilogram exceeding 35" shall be substituted ;

(f) in sub-heading Nos. 5505.34, 5505.35, 5505.41, 5505.42 and 5505.43, in column (4), for the words "per count", the words "per count per kilogram" shall be substituted ;

(g) in sub-heading No. 5506.21, for the entry in column (4), the entry "Rs. 10 per kilogram" shall be substituted ;

(33) in Chapter 56, in heading No. 56.05,—

(a) sub-heading No. 5605.00 shall be omitted ;

(b) in sub-heading No. 5605.10, for the entry in column (4), the entry "Rs. 106.25 per kilogram" shall be substituted ;



\* (c) sub-heading No. 5605.20 shall be renumbered as sub-heading No. 5605.90 ; \*

(34) in Chapter 58,-

(a) in sub-heading No. 5805.19, in column (3), for the words “-Other embroidery”, the word “-Other” shall be substituted;

(b) in sub-heading No. 5805.90, in column (3), for the words “-Other embroidery”, the word “-Other” shall be substituted;

(35) in Chapter 59,-

(a) in heading No. 59.01, sub-heading No. 5901.00 shall be omitted;

(b) in sub-heading No. 5903.19, in column (4), for the figures and abbreviation “30%”, the figures, abbreviations and words “30% plus Rs. 6 per square metre” shall be substituted;

(c) in sub-heading No. 5903.29, in column (4), for the figures and abbreviation “30%”, the figures, abbreviations and words “30% plus Rs. 7.50 per square metre” shall be substituted;

(d) in sub-heading No. 5903.99, for the entry in column (4), the entry “30% plus Rs. 8 per square metre” shall be substituted;

(e) in sub-heading Nos. 5906.11, 5906.12 and 5906.19, in column (4), for the figures and abbreviation “15%”, the figures and abbreviation “30%” shall be substituted;

(36) in Chapter 69,-

(a) in sub-heading No. 6905.00, for the entry in column (4), the entry “30%” shall be substituted;

(b) in sub-heading No. 6906.10, for the entry in column (4), the entry “45%” shall be substituted;

(c) in sub-heading No. 6906.90, for the entry in column (4), the entry “30%” shall be substituted;

(37) in Chapter 70,-

(a) in sub-heading No. 7001.90, for the entry in column (4), the entry “40%” shall be substituted;

(b) in sub-heading No. 7002.10, in column (4), for the abbreviation and figures “Rs. 3.35”, the abbreviation and figures “Rs. 3.75” shall be substituted;

(c) in sub-heading No. 7003.00, in column (4), for the abbreviation and figures “Rs. 3.35”, the abbreviation and figures “Rs. 3.75” shall be substituted;

(d) in sub-heading No. 7004.10, for the entry in column (4), the entry “40%” shall be substituted;

(e) in sub-heading Nos. 7005.00, 7006.10, 7006.90, 7007.10, 7007.90 and 7008.90, for the entry in column (4), the entry “40%” shall be substituted;

(f) in sub-heading Nos. 7011.90, 7012.90 and 7013.90, for the entry in column (4), the entry “40%” shall be substituted;

(g) in sub-heading No. 7015.00, for the entry in column (4), the entry “40%” shall be substituted;

(38) in Chapter 72,-

(a) after NOTE 2, the following NOTE shall be inserted, namely :—

“3. Heading Nos. 72.01, 72.03, 72.04, 72.06, 72.07, 72.08, 72.09, 72.10, 72.11, 72.12 and 72.13 shall not apply to goods and materials of heading No. 72.15.”;

(b) in sub-heading No. 7209.90, for the entry in column (3), the entry “-Other” shall be substituted;

(c) in sub-heading No. 7210.20, for the entry in column (4), the entry "15%" shall be substituted ;

(d) sub-heading No. 7211.90 shall be renumbered as sub-heading No. 7211.40 ;

(e) in sub-heading No. 7212.60, for the entry in column (4), the entry "15%" shall be substituted ;

(f) in sub-heading No. 7214.00, for the entry in column (4), the entry "15%" shall be substituted ;

(39) in Chapter 73,-

(a) for the NOTE, the following NOTES shall be substituted, namely:—

"NOTES

1. NOTES of Chapter 72, shall, as far as they may be, apply also to this Chapter.

2. Heading Nos. 73.03, 73.04, 73.05, 73.06, 73.07 and 73.08 shall not apply to goods and materials of heading No. 73.09";

(b) sub-heading No. 7303.22 shall be renumbered as sub-heading No. 7303.27 ;

(c) in sub-heading Nos. 7305.00, 7308.20, 7308.30, 7308.49, 7308.50, 7308.60, 7308.70, 7308.80 and 7308.90, for the entry in column (4), the entry "15%" shall be substituted ;

(40) in Chapter 74,-

(a) in sub-heading Nos. 7401.00 and 7402.00, for the entry in column (4), the entry "Rs. 3,300 per tonne" shall be substituted ;

(b) in sub-heading Nos. 7403.11 and 7403.19, for the entry in column (4), the entry "Rs. 6,200 per tonne" shall be substituted ;

(c) in sub-heading No. 7403.90, for the entry in column (4), the entry "Rs. 7,000 per tonne" shall be substituted ;

(d) in sub-heading No. 7404.00, for the entry in column (4), the entry "Rs. 4,500 per tonne" shall be substituted ;

(e) in sub-heading No. 7406.00, for the entry in column (4), the entry "Rs. 4,500 per tonne" shall be substituted ;

(f) in sub-heading Nos. 7407.00, 7408.00 and 7409.00, for the entry in column (4), the entry "15%" shall be substituted ;

(g) in sub-heading No. 7410.00, for the entry in column (4), the entry "Rs. 3,300 per tonne" shall be substituted ;

(h) in sub-heading No. 7411.00, for the entry in column (4), the entry "15%" shall be substituted ;

(41) in Chapter 75, in sub-heading No. 7501.00, for the entry in column (4), the entry "15%" shall be substituted ;

(42) in Chapter 76,-

(a) sub-heading No. 7603.90 shall be renumbered as sub-heading No. 7603.20 ;

(b) in sub-heading No. 7610.00, for the entry in column (4), the entry "20%" shall be substituted ;

(43) in Chapter 78,-

(a) in sub-heading No. 7801.00, for the entry in column (4), the entry "Rs. 930 per tonne" shall be substituted ;

(b) in sub-heading No. 7802.00, for the entry in column (4), the entry "Rs. 930 per tonne" shall be substituted ;

(c) in sub-heading Nos. 7803.00 and 7804.00, for the entry in column (4), the entry "17%" shall be substituted;

(d) in sub-heading No. 7805.00, for the entry in column (4), the entry "Rs. 1,100 per tonne" shall be substituted;

(e) in sub-heading Nos. 7806.00, 7807.00 and 7808.00, for the entry in column (4), the entry "15%" shall be substituted;

(44) in Chapter 79,—

(a) in sub-heading No. 7901.00, for the entry in column (4), the entry "Rs. 3,600 per tonne" shall be substituted;

(b) in sub-heading No. 7902.00, for the entry in column (4), the entry "Rs. 3,600 per tonne" shall be substituted;

(c) in sub-heading No. 7903.10, for the entry in column (4), the entry "Rs. 3,600 per tonne" shall be substituted;

(d) in sub-heading No. 7903.20, for the entry in column (4), the entry "Rs. 4,200 per tonne" shall be substituted;

(e) in sub-heading No. 7904.10, for the entry in column (4), the entry "Rs. 4,200 per tonne" shall be substituted;

(f) in sub-heading No. 7904.90, for the entry in column (4), the entry "Rs. 4,200 per tonne" shall be substituted;

(g) in sub-heading No. 7905.00, for the entry in column (4), the entry "Rs. 5,225 per tonne" shall be substituted;

(h) in sub-heading No. 7906.00, for the entry in column (4), the entry "17%" shall be substituted;

(i) in sub-heading Nos. 7907.00 and 7908.00, for the entry in column (4), the entry "28%" shall be substituted;

(j) in sub-heading Nos. 7909.00 and 7910.00, for the entry in column (4), the entry "15%" shall be substituted;

(45) in Chapter 80, in sub-heading No. 8001.00, for the entry in column (4), the entry "15%" shall be substituted;

(46) in Chapter 81, in sub-heading No. 8101.00, for the entry in column (4), the entry "15%" shall be substituted;

(47) in Chapter 82,—

(a) in sub-heading Nos. 8201.10, 8201.90, 8202.10, 8202.90, 8203.80 and 8203.90, for the entry in column (4), the entry "20%" shall be substituted;

(b) in sub-heading Nos. 8205.00, 8206.00 and 8207.00, for the entry in column (4), the entry "15%" shall be substituted;

(c) in sub-heading Nos. 8208.80 and 8208.90, for the entry in column (4), the entry "20%" shall be substituted;

(48) in Chapter 83,—

(a) in sub-heading No. 8301.00, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading Nos. 8302.90 and 8303.90, for the entry in column (4), the entry "20%" shall be substituted;

(c) in sub-heading Nos. 8304.20 and 8304.90, for the entry in column (4), the entry "25%" shall be substituted;

(d) in sub-heading Nos. 8305.00, 8306.00, 8307.00 and 8308.00, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading No. 8309.20, for the entry in column (4), the entry "5 paise each" shall be substituted;

(f) in sub-heading No. 8309.90, for the entry in column (4), the entry "15%" shall be substituted;

(g) in sub-heading Nos. 8310.10, 8310.20, 8310.80, 8310.90, 8312.11, 8312.12, 8312.90, 8313.10, 8314.99 and 8315.00, for the entry in column (4), the entry "20%" shall be substituted;

(49) in Chapter 84,—

(a) in sub-heading Nos. 8401.00, 8402.00, 8403.00, 8404.00, 8405.00, 8406.00, 8410.00, 8411.00, 8412.00 and 8413.00, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading No. 8414.10, for the entry in column (4), the entry "110% plus Rs. 12,000 per compressor" shall be substituted;

(c) in sub-heading No. 8415.00, for the entry in column (4), the entry "110% plus Rs. 15,000 per machine" shall be substituted;

(d) in sub-heading Nos. 8416.00 and 8417.00, for the entry in column (4), the entry "15%" shall be substituted;

(e) in sub-heading No. 8419.00, for the entry in column (4), the entry "110%" shall be substituted;

(f) in sub-heading No. 8420.00, for the entry in column (4), the entry "15%" shall be substituted;

(g) in heading No. 84.23, in column (3), for the figure and words "5 MILLIGRAM OR BETTER", the figure and words "5 CENTIGRAMS OR BETTER" shall be substituted;

(h) in sub-heading Nos. 8424.00 and 8425.00, for the entry in column (4), the entry "15%" shall be substituted;

(i) in sub-heading No. 8427.00, for the entry in column (4), the entry "20%" shall be substituted;

(j) in sub-heading Nos. 8428.00, 8429.00, 8430.00, 8432.00, 8433.00, 8434.00, 8435.00, 8436.00, 8437.00, 8438.00, 8439.00, 8440.00, 8441.00, 8442.00, 8443.00, 8444.00, 8445.00, 8446.00, 8447.00, 8448.00 and 8449.00, for the entry in column (4), the entry "15%" shall be substituted;

(k) in sub-heading No. 8450.00, for the entry in column (4), the entry "30%" shall be substituted;

(l) in sub-heading Nos. 8451.00, 8453.00, 8454.00, 8455.00, 8456.00, 8457.00, 8458.00, 8459.00, 8460.00, 8461.00, 8462.00, 8463.00, 8464.00, 8465.00 and 8466.00, for the entry in column (4), the entry "15%" shall be substituted;

(m) in sub-heading No. 8467.00, for the entry in column (4), the entry "20%" shall be substituted;

(n) in sub-heading No. 8468.00, for the entry in column (4), the entry "15%" shall be substituted;

(o) in sub-heading No. 8469.00, for the entry in column (4), the entry "20% plus Rs. 5,000 per machine" shall be substituted;

(p) in sub-heading No. 8473.00, for the entry in column (4), the entry "20%" shall be substituted;

(q) in sub-heading Nos. 8474.00, 8475.00, 8477.00, 8478.00, 8479.00 and 8480.00, for the entry in column (4), the entry "15%" shall be substituted;

(r) in sub-heading No. 8481.90, for the entry in column (4), the entry "15%" shall be substituted;

(s) in sub-heading No. 8482.00, for the entry in column (4), the entry "20%" shall be substituted;

(t) in sub-heading Nos. 8485.10 and 8485.90, for the entry in column (4), the entry "15%" shall be substituted;

(50) in Chapter 85,—

(a) in sub-heading No. 8502.00, for the entry in column (4), the entry “15%” shall be substituted;

(b) in sub-heading No. 8505.00, for the entry in column (4), the entry “20%” shall be substituted;

(c) in sub-heading No. 8506.00, for the entry in column (4), the entry “30%” shall be substituted;

(d) in sub-heading No. 8508.00, for the entry in column (4), the entry “20%” shall be substituted;

(e) in sub-heading Nos. 8509.00 and 8510.00, for the entry in column (4), the entry “30%” shall be substituted;

(f) in sub-heading Nos. 8513.00, 8514.00 and 8515.00, for the entry in column (4), the entry “15%” shall be substituted;

(g) in sub-heading No. 8516.00, for the entry in column (4), the entry “30%” shall be substituted;

(h) in sub-heading No. 8518.00, for the entry in column (4), the entry “25%” shall be substituted;

(i) in sub-heading Nos. 8526.00, 8529.00, 8530.00, 8531.00 and 8532.00, for the entry in column (4), the entry “15%” shall be substituted;

(j) in sub-heading No. 8534.00, for the entry in column (4), the entry “15%” shall be substituted;

(k) in sub-heading Nos. 8537.00, 8538.00, 8540.00, 8541.00, 8542.00 and 8543.00, for the entry in column (4), the entry “15%” shall be substituted;

(l) in sub-heading No. 8544.00, for the entry in column (4), the entry “30%” shall be substituted;

(m) in sub-heading No. 8545.00, for the entry in column (4), the entry “20%” shall be substituted;

(n) in sub-heading Nos. 8546.00, 8547.00 and 8548.00, for the entry in column (4), the entry “15%” shall be substituted;

(51) in Chapter 86, in sub-heading Nos. 8601.00, 8602.00, 8603.00, 8604.00, 8605.00, 8606.00, 8607.00, 8608.00 and 8609.00, for the entry in column (4), the entry “15%” shall be substituted;

(52) in Chapter 87,—

(a) for NOTE 4, the following NOTE shall be substituted, namely:—

“4. Heading No. 87.06 shall include chassis, whether or not fitted with a cab.”;

(b) in sub-heading No. 8703.00, for the entry in column (4), the entry “35%” shall be substituted;

(c) in sub-heading No. 8704.00, for the entry in column (4), the entry “25%” shall be substituted;

(d) in sub-heading No. 8705.00, for the entry in column (4), the entry “25%” shall be substituted;

(e) in sub-heading No. 8706.30, for the entry in column (4), the entry “35%” shall be substituted;

(f) in sub-heading Nos. 8706.40 and 8706.50, for the entry in column (4), the entry “25%” shall be substituted;

(g) in heading No. 87.07, in column (3), for the figures “87.05”, the figures “87.06” shall be substituted;

(h) in sub-heading Nos. 8709.00 and 8710.00, for the entry in column (4), the entry “20%” shall be substituted;

- (i) in sub-heading No. 8711.00, for the entry in column (4), the entry "25%" shall be substituted;
- (j) in sub-heading No. 8714.00, for the entry in column (4), the entry "20%" shall be substituted;
- (k) in sub-heading No. 8715.00, for the entry in column (4), the entry "15%" shall be substituted;
- (l) in sub-heading No. 8716.00, for the entry in column (4), the entry "15%" shall be substituted;
- (53) in Chapter 88, in sub-heading Nos. 8801.00, 8802.00, 8803.00, 8804.00 and 8805.00, for the entry in column (4), the entry "15%" shall be substituted;
- (54) in Chapter 89, in sub-heading Nos. 8901.00, 8902.00, 8903.00, 8904.00, 8905.00, 8906.00 and 8907.00, for the entry in column (4), the entry "15%" shall be substituted;
- (55) in Chapter 90,—
- (a) in sub-heading Nos. 9001.00, 9002.00, 9003.90 and 9005.00, for the entry in column (4), the entry "15%" shall be substituted;
- (b) in sub-heading No. 9007.00, for the entry in column (4), the entry "40%" shall be substituted;
- (c) in sub-heading Nos. 9008.00, 9010.00, 9011.00, 9012.00, 9013.00, 9014.00 and 9015.00, for the entry in column (4), the entry "15%" shall be substituted;
- (d) in sub-heading Nos. 9017.00 and 9018.00, for the entry in column (4), the entry "15%" shall be substituted;
- (e) in sub-heading No. 9019.00, for the entry in column (4), the entry "30%" shall be substituted;
- (f) in sub-heading Nos. 9020.00, 9021.00, 9022.00, 9023.00, 9024.00, 9025.00, 9026.00, 9027.00, 9028.00, 9029.00, 9030.00 and 9031.00, for the entry in column (4), the entry "15%" shall be substituted;
- (g) in sub-heading No. 9032.12, for the entry in column (4), the entry "15%" shall be substituted;
- (h) in sub-heading No. 9033.00, for the entry in column (4), the entry "15%" shall be substituted;
- (56) in Chapter 91, in sub-heading Nos. 9101.00, 9102.00, 9103.00, 9104.00, 9105.00, 9107.00, 9108.00, 9109.00, 9110.00, 9111.00, 9112.00, 9113.00 and 9114.00, for the entry in column (4), the entry "15%" shall be substituted;
- (57) in Chapter 92, in sub-heading Nos. 9201.00, 9202.00, 9203.00, 9204.00, 9205.00, 9206.00, 9207.00, 9208.00 and 9209.00, for the entry in column (4), the entry "15%" shall be substituted;
- (58) in Chapter 93, in sub-heading Nos. 9302.00, 9303.00, 9304.00, 9305.00, 9306.00 and 9307.00, for the entry in column (4), the entry "15%" shall be substituted;
- (59) in Chapter 94, in sub-heading No. 9406.00, for the entry in column (4), the entry "15%" shall be substituted;

(60) in Chapter 95, in sub-heading Nos. 9501.00, 9502.00, 9503.00, 9505.00, 9506.00, 9507.00 and 9508.00, for the entry in column (4), the entry "15%" shall be substituted;

(61) in Chapter 96,—

(a) in sub-heading Nos. 9601.00, 9602.00, 9603.00, 9604.00, 9605.90, 9606.00, 9608.00, 9609.00 and 9611.00, for the entry in column (4), the entry "15%" shall be substituted;

(b) in sub-heading No. 9612.00, for the entry in column (4), the entry "25%" shall be substituted;

(c) in sub-heading No. 9613.10, for the entry in column (4), the entry "Rs. 4 per lighter" shall be substituted;

(d) in sub-heading Nos. 9613.90, 9614.00, 9615.00, 9616.00 and 9618.00, for the entry in column (4), the entry "15%" shall be substituted.

## PART II

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

In the Schedule to the Central Excise Tariff Act, —

(1) in Chapter 11, for heading No. 1101, the following heading shall be substituted, namely :—

"11.01		PRODUCTS OF THE MILLING INDUSTRY, INCLUDING FLOURS, GROATS, MEAL AND GRAINS OF CEREALS, AND FLOUR, MEAL OR FLAKES OF VEGETABLES	
		—Put up in unit containers and ordinarily intended for sale :	
1101.11		—Grains, hulled, rolled, flaked, pearled, sliced or kibbled, of barley or oat	15%
1101.19		—Other	15%
1101.90		—Other	Nil

(2) in Chapter 17, for sub-heading No. 1703.00, the following sub-heading shall be substituted, namely :—

"1703.10	—Molasses produced in the manufacture of sugar by the vacuum pan process	Rs. 500 per tonne
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(3) in Chapter 22,—

(a) for heading No. 2201, the following heading shall be substituted, namely :—

"22.01		NATURAL OR ARTIFICIAL MINERAL WATERS AND AERATED WATERS, NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER, NOT FLAVOURED; ICE	
		—Aerated waters, not containing added sugar or other sweetening matter, not flavoured :	
2201.11		—For each glass bottle containing 200 millilitres or less	10 paise
2201.12		—For each glass bottle containing more than 200 millilitres	10 paise plus 5 paise for every 100 millilitres or fraction thereof in excess of 200 millilitres

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)
	2201.19	- -Other	40%
	2201.90	-Other	12%";
(b) in heading No. 22.02, after sub-heading No. 2202.14, the following sub-heading shall be inserted, namely :—			
	"2202.19	- -Other	60%";
(c) after heading No. 22.03, the following heading shall be inserted, namely :—			
"22.04	2204.00	ETHYL ALCOHOL, OF ANY GRADE (INCLUDING SUCH ALCOHOL WHEN DENATURED OR OTHERWISE TREATED), WHICH EITHER BY ITSELF OR IN ADMIXTURE WITH ANY OTHER SUBSTANCE, IS SUITABLE FOR BEING USED AS FUEL FOR SPARK-IGNITION ENGINES.	Rs. 2,253.88 per kilolitre at 15°C";
(4) in Chapter 24, for sub-heading No. 2404.32, the following sub-heading shall be substituted, namely :—			
	"2404.39	- -Other	Rs. 2.85 per thousand";
(5) in Chapter 25, after sub-heading No. 2504.39, the following sub-heading shall be inserted, namely :—			
	"2504.90	- -Other	12%";
(6) in Chapter 28, for sub-heading No. 2804.30, the following sub-heading shall be substituted, namely :—			
	"2804.30	- -Zinc oxide	10%";
(7) in Chapter 32, for heading No. 32.04, the following heading shall be substituted, namely :—			
"32.04		SYNTHETIC ORGANIC COLOURING MATTER, WHETHER OR NOT CHEMICALLY DEFINED; PREPARATIONS BASED ON SYNTHETIC ORGANIC COLOURING MATTER AS SPECIFIED IN NOTE 2 TO THIS CHAPTER; SYNTHETIC ORGANIC PRODUCTS OF A KIND USED AS FLUORESCENT BRIGHTENING AGENTS OR AS LUMINOPHORES, WHETHER OR NOT CHEMICALLY DEFINED	
		—Pigments and preparations based thereon :	
	3204.11	- - In unformulated or unstandardised or unprepared forms, not ready for use	60%
	3204.19	- - Other	60%
		- Synthetic organic dyes and preparations based thereon :	
	3204.21	- - In unformulated or unstandardised or unprepared forms, not ready for use	60%
	3204.29	- - Other	60%
	3204.30	- Synthetic organic products of a kind used as fluorescent brightening agents or as luminophores	35%



Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)
	3204.90	- Other	35% ;
(8) in Chapter 33, in heading No. 33.02, for sub-heading Nos. 3202.10 and 3202.90, the following sub-headings shall be substituted, namely :—			
	3302.10	-Of a kind used in the food or beverage industry	20%
	3302.90	-Other	20% ;
(9) in Chapter 39,—			
(a) for sub-heading No. 3909.70, the following sub-heading shall be substituted, namely :—			
	3909.60	-Polyurethanes	75% ;
(b) for heading No. 39.23, the following heading shall be substituted, namely :—			
"39.22	OTHER ARTICLES OF PLASTICS AND ARTICLES OF MATERIALS OF HEADING NOS. 39.01 TO 39.14		
	3922.10	-Articles of polyurethane foam	75%
	3922.90	-Other	30% ;
(10) in Chapter 40, for sub-heading No. 4009.93, the following sub-heading shall be substituted, namely :—			
	4009.92	- Designed to perform the function of conveying air, gas or liquid	30% ;
(11) in Chapter 48,—			
(a) for sub-heading No. 4805.90, the following sub-heading shall be substituted, namely :—			
	4805.90	-Other	10% plus Rs. 1,350 per tonne ;
(b) for sub-heading No. 4818.12, the following sub-heading shall be substituted, namely :—			
	4818.12	- Printed cartons, boxes, containers and cases, made wholly out of paper or paper-board of heading No. or sub-heading No. 48.04, 4805.11, 4805.19, 4807.91, 4807.92, 48.08 or 4811.10, as the case may be	35% ;
(12) in Chapter 52,—			
(a) for sub-heading No. 5209.12, the following sub-headings shall be substituted, namely :—			
	5209.12	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Rs. 1.60 per square metre
	5209.13	- Of value exceeding rupees fifty per square metre	Rs. 1.60 per square metre ;
(b) for sub-heading No. 5209.22, the following sub-headings shall be substituted, namely :—			
	5209.22	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	8% plus Rs. 1.60 per square metre
	5209.23	- Of value exceeding rupees fifty per square metre	8% plus Rs. 1.60 per square metre ;

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)
(c) for sub-heading No. 5210.20, the following sub-headings shall be substituted, namely :—			
	5210.20	-Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	4% plus Rs. 1.60 per square metre
	5210.30	-Of value exceeding rupees fifty per square metre	4% plus Rs. 1.60 per square metre";
(d) for heading No. 52.11, the following heading shall be substituted, namely :—			
"52.11	COTTON FABRICS,—		
	(a) WOVEN,		
	(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,		
	(c) CONTAINING (i) COTTON, AND (ii) POLYESTER STAPLE FIBRE, AND		
	(d) OF VALUE EXCEEDING RUPEES TWENTY-FIVE PER SQUARE METRE		
	5211.10	-Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	8% plus Rs. 1.60 per square metre
	5211.20	-Of value exceeding rupees fifty per square metre	8% plus Rs. 1.60 per square metre";
(13) In Chapter 53, after sub-heading No. 5303.39, the following sub-heading shall be inserted, namely :—			
	"5303.90	-Other	Nil";
(14) In Chapter 54,—			
(a) for heading No. 54.01, the following heading shall be substituted, namely :—			
"54.01	WASTE		
	5401.10	-Of synthetic filaments	Rs. 9 per kilogram or 50% whichever is less
	5401.20	-Of artificial filaments	Rs. 1 per kilogram
	5401.90	-Other	Rs. 9 per kilogram or 50% whichever is less";
(b) for sub-heading Nos. 5404.26 and 5404.27, the following sub-headings shall be substituted, namely :—			
	"5404.96	-350 deniers and above but not above 1100 deniers	Rs. 4.18 per kilogram

Heading No.	Sub-heading No.]	Description of goods	Rate of duty
(1)	(2)	(3)	(4)
	5404·97	- - Above 1100 deniers	Rs. 2·79 <sup>7</sup> / <sub>100</sub> per kilogram <sup>7</sup> / <sub>100</sub>
	(c) for sub-heading No. 5409·60, the following sub-headings shall be substituted, namely :—		
	"5409·60	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil
	5409·70	- Of value exceeding rupees fifty, per square metre	Nil <sup>7</sup> / <sub>100</sub>
	(d) for sub-heading No. 5412·20, the following sub-headings shall be substituted, namely :—		
	"5412·20	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil
	5412·30	- Of value exceeding rupees fifty per square metre	Nil <sup>7</sup> / <sub>100</sub>
	(15) in Chapter 55,—		
	(a) for sub-heading No. 5508·60, the following sub-headings shall be substituted, namely :—		
	"Of value exceeding rupees twenty-five, but not exceeding rupees fifty per square metre :		
	5508·61	- - Containing polyester fibre	Nil
	5508·69	- - Other	Nil
	- Of value exceeding rupees fifty per square metre :		
	5508·71	- - Containing polyester fibre	Nil
	5508·79	- - Other	Nil <sup>7</sup> / <sub>100</sub>
	(b) for sub-heading No. 5511·12, the following sub-headings shall be substituted, namely :—		
	"5511·12	- - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil
	5511·13	- - Of value exceeding rupees fifty per square metre	Nil <sup>7</sup> / <sub>100</sub>
	(c) for sub-heading Nos. 5511·28 and 5511·29, the following sub-headings shall be substituted, namely :—		
	"5511·27	- - Other fabrics of value not exceeding rupees twenty-five per square metre	Nil
	5511·28	- - Other fabrics of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil
	5511·29	- - Other fabrics of value exceeding rupees fifty per square metre	Nil <sup>7</sup> / <sub>100</sub>
	(d) for sub-heading No. 5512·12, the following sub-headings shall be substituted, namely :—		
	"5512·12	- - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil
	5512·13	- - Of value exceeding rupees fifty per square metre	Nil <sup>7</sup> / <sub>100</sub>
	(e) for sub-heading Nos. 5512·28 and 5512·29, the following sub-headings shall be substituted, namely :—		
	"5512·27	- - Other fabrics of value not exceeding rupees twenty-five per square metre	Nil
	5512·28	- - Other fabrics of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	Nil

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)
	5512.29	- Other fabrics of value exceeding rupees fifty per square metre	Nil” ;
(16) in Chapter 69, for sub-heading No. 6904.90, the following sub-heading shall be substituted, namely :—			
	“6904.20	- Of stoneware	30%” ;
(17) in Chapter 70,—			
(a) for sub-heading No. 7002.90, the following sub-heading shall be substituted, namely :—			
	“7002.20	- Not tinted	Rs. 3.50 per millimetre thickness or part thereof per square-metre” ;
(b) for sub-heading No. 7004.90, the following sub-heading shall be substituted, namely :—			
	“7004.20	- Laminated safety glass	50%” ;
(c) for sub-heading No. 7010.90, the following sub-heading shall be substituted, namely :—			
	“7010.20	- Glass chimneys	10%” ;
(d) for heading No. 70.14, the following heading shall be substituted namely :—			
“70.14	7014.00	GLASS FIBRES (INCLUDING GLASS WOOL AND GLASS FILAMENTS) AND ARTICLES THEREOF (FOR EXAMPLE, YARN, WOVEN FABRICS), WHETHER OR NOT IMPREGNATED, COATED, COVERED OR LAMINATED WITH PLASTICS OR VARNISH	30%” ;
(18) in Chapter 72,—			
(a) for heading No. 72.13, the following heading shall be substituted, namely :—			
“72.13		IRON OR STEEL WIRE, WHETHER OR NOT COATED BUT NOT INSULATED	
	7213.10	- Electric resistance wire (including electric resistance heating wire)	10%
	7213.90	- Other	Rs. 363 per tonne” ;
(b) after heading No. 72.14, the following heading shall be inserted, namely :—			
“72.15	7215.00	GOODS AND MATERIALS OF HEADING NOS. 72.03, 72.06, 72.07, 72.08, 72.09, 72.10, 72.11, 72.12 AND 72.13 OBTAINED BY BREAKING UP OF SHIPS, BOATS AND OTHER FLOATING STRUCTURES	Rs. 1,800 per tonne” ;
(19) in Chapter 73,—			
(a) for sub-heading No. 7302.20, the following sub-heading shall be substituted, namely :—			
	“7302.90	- Other	15%” ;
(b) after heading No. 73.08, the following heading shall be inserted, namely :—			
“73.09	7309.00	GOODS AND MATERIALS OF HEADING NOS. 73.03, 73.04, 73.05, 73.06, 73.07 AND 73.08 OBTAINED BY BREAKING UP OF SHIPS, BOATS AND OTHER FLOATING STRUCTURES	Rs. 1,800 per tonne” ;

Heading No.	Sub-heading No.	Description of goods	Rate of duty
(1)	(2)	(3)	(4)

(20) in Chapter 74,—

(a) for heading No. 74.05, the following heading shall be substituted, namely :—

"74.05		COPPER WIRE	
	7405.10	- Electric Wire	20%
	7405.90	- Other	Nil";

(b) for heading No. 74.12, the following headings shall be substituted, namely :—

"74.12	7412.00	STRANDED WIRES, CABLES, PLAITED BANDS AND THE LIKE OF COPPER, NOT ELECTRICALLY INSULATED	20%
74.13		OTHER ARTICLES OF COPPER	
	7413.10	- Nails, tacks, drawing pins, staples (other than those of heading No. 83.05) and similar goods, of copper, or of iron or steel with heads of copper; rivets, cotters, cotter-pins, washers (including spring washers) and similar articles of copper	15%
	7413.20	- Copper springs; chain and parts thereof	15%
	7413.30	- Cooking or heating apparatus of a kind used for domestic purposes (other than pressure cookers), non-electric, and parts thereof, of copper	15%
	7413.90	- Other	15%";

(21) in Chapter 76, for heading No. 76.12, the following headings shall be substituted, namely :—

"76.12	7612.00	STRANDED WIRES, CABLES, PLAITED BANDS AND THE LIKE OF ALUMINIUM, NOT ELECTRICALLY INSULATED	20%
76.13		OTHER ARTICLES OF ALUMINIUM	
	7613.10	- Utensils made of aluminium	Nil
	7613.20	- Nails, tacks, staples (other than those of heading No. 83.05), rivets, cotters, cotter-pins, washers and similar articles	20%
	7613.30	- Sanitaryware and parts thereof	20%
	7613.90	- Other	20%";

(22) in Chapter 84,—

(a) for sub-heading No. 8414.90, the following sub-headings shall be substituted, namely :—

	"-Parts and accessories :"	
8414.91	- - Of goods covered by sub-heading No. 8414.10	110%
8414.99	- - Other	15%";

(b) for heading No. 84.22, the following heading shall be substituted, namely :—

"84.22		DISH WASHING MACHINES; MACHINERY FOR CLEANING OR DRYING BOTTLES AND OTHER CONTAINERS; MACHINERY FOR FILLING, CLOSING, SEALING, CAPSULING OR LABELLING BOTTLES, CANS, BOXES, BAGS OR OTHER CONTAINERS; OTHER PACKING OR WRAPPING MACHINERY; MACHINERY FOR AERATING BEVERAGES	
	8422.10	- Dish washing machines	30%

Heading No.	Sub-heading No.	Description of Goods	Rate of duty
(1)	(2)	(3)	(4)

8422.90 - Other 20% ;

(e) for heading No. 84.76, the following heading shall be substituted, namely :—

“84.76 AUTOMATIC GOODS-VENDING MACHINES  
(FOR EXAMPLE, POSTAGE STAMP, CIGARETTE,  
FOOD OR BEVERAGE MACHINES), INCLUD-  
ING MONEY-CHANGING MACHINES

- Machines :

8476.11 - - Incorporating refrigerating devices 110%

8476.19 - - Other 20%

- Parts :

8476.91 - - Parts of machines of sub-heading No. 8476.11 110%

8476.99 - - Other] 20%

(d) for sub-heading No. 8481.90, the following sub-heading shall be substituted, namely :—

“8481.80 - Other 15%

- Parts :

8481.91 - - Of goods covered by sub-heading No. 8481.10 110%

8481.99 - - Other 15%

(23) in Chapter 90,—

(a) for heading No. 90.16, the following heading shall be substituted, namely :—

“90.16 BALANCES OF A SENSITIVITY OF 5 CENTI-  
GRAMS OR BETTER

9016.10 - Balances 15%

9016.90 - Parts 15%

(b) for sub-heading Nos. 9032.20 and 9032.90, the following sub-headings shall be substituted, namely :—

“9032.80 - Other instruments and apparatus 15%

- Parts and accessories :

9032.91 - - Of goods covered by sub-heading No. 9032.11 110%

9032.99 - - Other 15%

## THE FOURTH SCHEDULE

(See section 55)

## PART I

In the First Schedule to the Additional Duties of Excise Act,—

(1) in heading No. 17.01, after sub-heading No. 1701.20, in column (3), for the entry “-Cane sugar, other than khandsari sugar:”, the entry “-Sugar, other than khandsari sugar:” shall be substituted;

(2) in heading No. 24.02, after sub-heading No. 2402.10, in column (3), for the entry “-Bearing a brand name and of which the value per thousand:”, the entry “-Bearing a brand name and of which the value per hundred:” shall be substituted;

(3) in sub-heading Nos. 5206.31, 5206.32, 5206.33, 5206.34, 5206.35, 5206.36, 5206.37, 5206.38, 5206.39, 5206.90, 5209.11, 5209.21 and 5210.10 for the entry in column (4), the entry “10% plus Rs. 5 per square metre” shall be substituted;

(4) in sub-heading Nos. 5409.10, 5409.20, 5409.30, 5409.40, 5409.50 and 5412.10, for the entry in column (4), the entry “10% plus Rs. 5 per square metre” shall be substituted;

(5) in sub-heading Nos. 5508.10, 5508.20, 5508.30, 5508.40, 5508.50, 5511.11 and 5512.11, for the entry in column (4), the entry “10% plus Rs. 5 per square metre” shall be substituted;

(6) in sub-heading No. 5903.19, in column (4), for the figure and abbreviation “5%”, the figures, abbreviations and words “5% plus Rs. 2 per square metre” shall be substituted;

(7) in sub-heading No. 5903.29, in column (4), for the figure and abbreviation “5%”, the figures, abbreviations and words “5% plus Rs. 2.50 per square metre” shall be substituted.

## PART II

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

In the First Schedule to the Additional Duties of Excise Act,—

(a) for sub-heading No. 5209.12, the following sub-headings shall be substituted, namely:—

5209.12	- - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% plus Rs. 5 per square metre
5209.13	- - Of value exceeding rupees fifty per square metre	10% plus Rs. 5 per square metre:

Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)
(b) for sub-heading No. 5209.22, the following sub-headings shall be substituted, namely :—			
	5209.22	-- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre
	5209.23	-- Of value exceeding rupees fifty per square metre	10% <i>plus</i> Rs. 5 per square metre";
(c) for sub-heading No. 5210.20, the following sub-headings shall be substituted, namely :—			
	5210.20	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre
	5210.30	-- Of value exceeding rupees fifty per square metre	10% <i>plus</i> Rs. 5 per square metre";
(d) for heading No. 52.11, the following heading shall be substituted, namely :—			
52.11	COTTON FABRICS,—		
	(a) WOVEN,		
	(b) SUBJECTED TO THE PROCESS OF BLEACHING, MERCERISING, DYEING, PRINTING, WATER-PROOFING, SHRINK-PROOFING, ORGANDIE PROCESSING OR ANY OTHER PROCESS OR ANY TWO OR MORE OF THESE PROCESSES,		
	(c) CONTAINING (i) COTTON, AND		
	(ii) POLYESTER, STAPLE FIBRE, AND		
	(d) OF VALUE EXCEEDING RUPEES TWENTY-FIVE PER SQUARE METRE		
	5211.10	-- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre
	5211.20	-- Of value exceeding rupees fifty per square metre	10% <i>plus</i> Rs. 5 per square metre";
(e) for sub-heading No. 5409.60, the following sub-headings shall be substituted, namely :—			
	5409.60	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre
	5409.70	- Of value exceeding rupees fifty per square metre	10% <i>plus</i> Rs. 5 per square metre"
(f) for sub-heading No. 5412.20, the following sub-headings shall be substituted, namely :—			
	5412.20	- Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre



Heading No.	Sub-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)

5412.30 - Of value exceeding rupees fifty per square metre 10% *plus*  
Rs. 5 per square metre";

(g) for sub-heading No. 5508.61, the following sub-headings shall be substituted, namely :-

5508.61  $\frac{1}{2}$  - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre :  
- Containing polyester fibre 10% *plus*  
Rs. 5 per square metre

5508.60 - Other 10% *plus*  
Rs. 5 per square metre

$\frac{1}{2}$  - Of value exceeding rupees fifty per square metre :

5508.71  $\frac{1}{2}$  - Containing polyester fibre 10% *plus*  
Rs. 5 per square metre

5508.70 - Other 10% *plus*  
Rs. 5 per square metre";

(h) for sub-heading No. 5511.12, the following sub-headings shall be substituted, namely :-

"5511.12 - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre 10% *plus*  
Rs. 5 per square metre

5511.13 - Of value exceeding rupees fifty per square metre 10% *plus*  
Rs. 5 per square metre";

(i) for sub-heading Nos. 5511.28 and 5511.29, the following sub-headings shall be substituted, namely :-

"5511.27 - Other fabrics of value not exceeding rupees twenty-five per square metre 10% *plus*  
Rs. 5 per square metre

5511.28 - Other fabrics of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre 10% *plus*  
Rs. 5 per square metre

5511.29 - Other fabrics of value exceeding rupees fifty per square metre 10% *plus*  
Rs. 5 per square metre";

(j) for sub-heading No. 5512.12, the following sub-headings shall be substituted, namely :-

"5512.12 - Of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre 10% *plus*  
Rs. 5 per square metre

5512.13 - Of value exceeding rupees fifty per square metre 10% *plus*  
Rs. 5 per square metre";

Heading No.	Svb-heading No.	Description of goods	Rate of additional duty
(1)	(2)	(3)	(4)
(k) for sub-heading Nos. 5512.28 and 5512.29, the following sub-headings shall be substituted, namely:—			
	"5512.27	-- Other fabrics of value not exceeding rupees twenty-five per square metre	10% <i>plus</i> Rs. 5 per square metre
	5512.28	-- Other fabrics of value exceeding rupees twenty-five, but not exceeding rupees fifty, per square metre	10% <i>plus</i> Rs. 5 per square metre
	5512.29	-- Other fabrics of value exceeding rupees fifty per square metre	10% <i>plus</i> Rs. 5 per square metre".

## THE FIFTH SCHEDULE

(See section 56)

S. No.	Description of goods
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40 of 1978. In the Schedule to the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, after S. No. 8 and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely:—

"9. Metallised yarn, falling within heading No. 56.05.

10. Embroidery in the piece, in strips or in motifs, falling within heading No. 58.05."

### STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1986-87. The notes on clauses explain the various provisions contained in the Bill.

VISHWANATH PRATAP SINGH.

NEW DELHI;

*The 28th February, 1986.*

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### PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No.F.3(1)-B(D)/86, dated the 28th February, 1986 from Shri Vishwanath Pratap Singh, Minister of Finance, to the Secretary-General, Lok Sabha]

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1986 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1986.

*Notes on clauses*

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1986-87. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1986-87 from incomes subject to such deduction under the Income-tax Act; and the rates at which advance tax is to be paid and tax is to be calculated and charged in special cases for the financial year 1986-87.

*Rates of income-tax for assessment year 1986-87*

Part I of the First Schedule to the Bill specifies the rates of income-tax (including surcharge) on incomes liable to tax for the assessment year 1986-87. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1985 for the purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1985-86.

Where a company has made any deposit during the financial year 1985-86 under the Companies Deposits (Surcharge on Income-tax) Scheme, 1985 with the Industrial Development Bank of India, the amount of surcharge on income-tax payable by it for the assessment year 1986-87 will be reduced by the amount of deposit so made.

*Rates for deduction of tax at source during the financial year 1986-87 from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 1986-87 from incomes other than "Salaries" and retirement annuities under section 80E (9) of the Income-tax Act.

In Part II of the Finance Act, 1985, the rates for deduction of tax at source in the case of non-corporate assessee on income by way of winnings from lotteries and crossword puzzles was 25 per cent and that on income by way of winnings from horse races was 30 per cent. The rates of deduction of tax at source in respect of the income of the aforesaid nature is proposed to be raised to 40 per cent.

In the case of a company which is not a domestic company the rates for deduction of tax in respect of the income by way of royalty [other than royalty of the nature referred to in section 115(1A) of the Act] payable by Government or an Indian concern under an approved agreement made after 31st March, 1976 are 20 per cent on lumpsum royalty payments and 40 per cent on the balance. The rate of deduction of tax on income by way of fees for technical services payable by Government or an Indian concern under an approved agreement made after 31st March, 1976 is 40 per cent. The rate of deduction of tax at source in respect of incomes of the aforesaid nature is proposed at 30 per cent.

*Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases, during the financial year 1986-87:*

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1986-87.

The basic rates of income-tax are the same as those specified in Part I of the First Schedule to the Bill for the assessment of income liable to tax for the assessment year 1986-87. However, surcharge on income-tax payable by corporate taxpayers has been abolished.

Clause 3 seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Sub-clause (a) seeks to amend clause (3) of section 10 of the Income-tax Act.

Under the existing provisions, any receipts which are of a casual and non-recurring nature, other than winnings from lotteries, to the extent such receipts do not exceed one thousand rupees in the aggregate are not included in computing the total income of an assessee subject to certain exceptions. The proposed amendment seeks to provide that any receipts of a casual and non-recurring nature, subject to the existing exceptions, not exceeding five thousand rupees in the aggregate, shall not be included in the total income of the previous year of an assessee.

Sub-clause (b) seeks to amend clause (13A) of section 10 of the Income-tax Act relating to exemption of income-tax in respect of house rent allowance granted by an employer to an employee.

Under the existing provisions, any special allowance granted by an employer to an employee to meet expenditure actually incurred on payment of rent is exempt to such extent not exceeding rupees four hundred per month as may be prescribed by rules. The amendment seeks to omit the ceiling limit of rupees four hundred per month laid down under this provision.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 4 seeks to make an amendment in clause (i) of section 16 of the Income-tax Act relating to standard deduction in the case of salaried assesseees.

Under the existing provisions, a standard deduction is granted to salaried assesseees at a uniform rate of 25 percent. of the salary subject to a maximum of Rs. 6,000.

Under the proposed amendment, the standard deduction will be allowed at the rate of 30 per cent. of the salary subject to an enhanced ceiling of Rs. 10,000.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 5 seeks to amend section 23 of the Income-tax Act relating to determination of annual value of house property.

Under the existing provisions of section 23(2) of the Income-tax Act, the annual value of a self-occupied house is determined on a concessional basis. The annual value of such a property is first determined in the same manner as if the property had been let and then it is reduced by one-half of the amount so determined or Rs. 3,600, whichever is less. Where the sum so arrived at exceeds 10 per cent. of the total income of the owner, as computed without including the income from such property and without making any deduction under Chapter VI-A, the excess is disregarded. Where the assessee is the owner of more than one such house used for the purposes of his own residence, the above concessional treatment shall apply only in respect of one residential house, which the assessee may specify in this behalf. In respect of residential houses other than the one whose annual value is reduced as above, the annual value is determined as if such houses had been let. Further, where the owner has only one residential house and it cannot be occupied by him due to his employment, business or profession being carried on at some other place and the owner resides in a building which does not belong to him at the other place, the annual value in such case is taken as nil if the house was not actually occupied by the owner during the whole of the previous year and is taken as that fraction of the annual value if it is occupied for a fraction of that year. The annual value will be determined in the above manner if the house is not actually let during the previous year and no other benefit therefrom is derived by the owner.

Sub-clause (a) seeks to substitute sub-section (2) so as to provide that where the property consists of the house or a part of a house in the occupation of the owner for the purposes of his own residence, and is not actually let during any part of the previous year and no other benefit therefrom is derived by the owner, the annual value of such a house or part of the house shall be taken as nil. Where such property is let during any part or parts of the previous year, that part of the annual value which is proportionate to the period during which the property is in the occupation of the owner for the purposes of his own residence, or, as the case may be, where such property is let out in parts, that portion of the annual value appropriate to any part which was occupied by the owner for his own residence, which is proportionate to the period during which such part is wholly occupied by him for his own residence shall be deducted in determining the annual value. It is also being provided that such deduction shall be allowed irrespective of whether the period during which the property or part of the property was used for self-residence precedes or follows the period during which it is let. In case the property consists of more than one house in the occupation of the owner for the purpose of his own residence the annual value in respect of one of such houses which the assessee may specify shall be taken as nil or, as the case may be, determined as aforesaid, provided the other conditions are satisfied. The annual value of the houses

other than the house the annual value of which is taken to be *nil* or, as the case may be, determined as aforesaid, will be determined as if such houses had been let.

Sub-clause (b) seeks to omit sub-section (2A) of section 23 as a consequential amendment.

Sub-clause (c) seeks to substitute sub-section (3) of section 23 to provide that where self-occupied house property consists of one residential house only and it cannot actually be occupied by the owner by reason of the fact that owing to his employment, business or profession carried on at any other place, he has to reside at that other place in a building not belonging to him, the annual value of such a house shall be taken to be *nil* provided that the house is not actually let and no other benefit therefrom is derived by the owner.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 6 seeks to amend section 24 of the Income-tax Act relating to deductions from income from house property.

Under sub-section (2) of section 24, where the property consisting of one residential house which cannot actually be occupied by the owner owing to his employment, business or profession being carried on at any other place and the house was not actually let and no other benefit was derived therefrom by the owner, the deduction under sub-section (1) of section 24 relating to repairs, interest payable on borrowed capital, insurance premium, etc., cannot exceed the annual value of such a property.

This amendment seeks to provide that in respect of property whose annual value has been taken to be *nil* under the amended provisions of section 23(2) (a) (i) of the Income tax Act or under section 23(3) of that Act, no deduction shall be allowed under sub-section (1) of section 24 of the said Act.

It is also proposed to provide that the total amount deductible under sub-section (1) of section 24 of the Act in respect of the property referred to in section 23(2) (a) (ii) of the shall not exceed the annual value of the property.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 7 seeks to amend section 32A of the Income-tax relating to investment allowance.

Under the existing provisions of clause (c) of sub-section (2), any new machinery or plant installed for the purposes of business of repairs to ocean-going vessels or other powered craft if the business is carried on by an Indian company and the business so carried on is approved by the Central Government in this behalf, is entitled to investment allowance if such machinery or plant is installed after 31st March, 1983 but before 1st

April, 1988. Under the proposed amendment by item (i) of sub-clause (a), for the date 1st April, 1988, the date 1st April, 1987 is being substituted. This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Under the existing provisions of clause (b) of sub-section (2) of this section, investment allowance is granted in respect of new machinery or plant installed in a small-scale industrial undertaking for the manufacture of any article or thing including articles or things specified in the list in the Eleventh Schedule to the Act. For this purpose, in cases where the previous year ends before the 1st day of August, 1980, a small-scale industrial undertaking means an industrial undertaking in which the aggregate value of the machinery and plant installed as on the last day of the relevant previous year does not exceed Rs. 10 lakhs. Where the previous year ends after the 31st day of July, 1980, this limit is Rs. 20 lakhs. Under the proposed amendment by item (ii) of sub-section (a), this limit is being raised to Rs. 35 lakhs in a case where the previous year ends after the 17th March, 1985. This amendment will take effect retrospectively from 1st April, 1985 and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Under the existing provisions of sub-section (8) of this section, the Central Government may, by notification in the Official Gazette, direct that the deduction allowable under section 32A of the Act shall not be allowed in respect of any ship or aircraft acquired or any machinery or plant installed after such date, not being earlier than three years from the date of such notification, as may be specified.

Sub-clause (b) seeks to amend sub-section (8) so as to secure that the requirement of three years from the date of notification after which the notification withdrawing investment allowance shall be effective is not necessary. This amendment will take effect from 1st April, 1986 and will, accordingly, apply in relation to the assessment year 1986-87 and subsequent years.

Sub-clause (c) seeks to insert a new sub-section (8B) to provide that no deduction by way of investment allowance shall be allowed in the case of an assessee who has claimed deduction allowable under new section 32AB of the Act relating to investment deposit account. This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 8 seeks to insert a new section 32AB in the Income-tax Act relating to investment deposit account.

The provisions of this new section and the scheme thereunder will be applicable to all the assesseees to whom the existing provisions of section 32A of the Income-tax Act apply and to certain other assesseees. The new provisions allow deduction upto 20 per cent. of the profits of eligible business if such profits are deposited in accordance with the scheme made under this provision or are utilised for the purchase of any ship, aircraft, machinery and plant. The benefit under the new provision will not be available in a particular year to an assessee who has claimed investment allowance in that year.



Sub-section (1) provides that subject to the other provisions of this section, where an assessee whose total income includes income chargeable to tax under the head "Profits and gains of business or profession" has out of such income and in accordance with the scheme framed by the Central Government, deposited any amount in the deposit account maintained by him with the Development Bank before the expiry of six months from the end of the previous year or before furnishing the return of his income, whichever is earlier or has utilised any amount during the previous year for the purchase of any ship, aircraft, machinery or plant without depositing any amount in a deposit account, the assessee shall be allowed a deduction of a sum equal to the amount deposited and any amount so utilised or a sum equal to 20 per cent. of the profits of eligible business or profession as per audited accounts of assessee, whichever is less.

Sub-section (2) provides that "eligible business or profession" shall mean business and profession other than (a) the business of growing and manufacturing tea in India, (b) the business of construction, manufacture or production of any article or thing specified in the Eleventh Schedule carried on by an industrial undertaking which is not a small-scale industrial undertaking as defined in section 80HHA and (c) the business of leasing or hiring of machinery or plant to an industrial undertaking (other than a small-scale industrial undertaking as defined in section 80HHA) engaged in the business of construction, manufacture or production of any article or thing specified in the Eleventh Schedule.

Sub-section (3) provides that where separate accounts in respect of eligible business or profession of an assessee are not maintained or are not available, the profits of eligible business or profession for the purposes of sub-section (1) shall be such amount which bears to the total profits of the business or profession of the assessee the same proportion as the total sales, turnover or gross receipt of the eligible business or profession bear to the total sales, turnover or gross receipts of the business or profession carried on by the assessee.

Sub-section (4) provides that no deduction under sub-section (1) shall be allowed in respect of any amount utilised for the purchase of any machinery or plant to be installed in any office premises or residential accommodation, including any accommodation in the nature of a guest house; any office appliances (not being computers); any road transport vehicles; any machinery or plant the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any one previous year.

Sub-section (5) provides that in the case of an assessee other than a company or a co-operative society, the deduction under sub-section (1) shall not be admissible unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes along with his return of income the report of such audit in the prescribed form duly signed and verified by such accountant.

Sub-section (6) provides that where any amount standing to the credit of the assessee in the deposit account released during any previous year

by the Development Bank for being utilised by the assessee for the purposes specified in the scheme or at the closure of the accounts, is not utilised in accordance with the scheme, either wholly or in part, within that previous year, the whole of such amount or part thereof, as the case may be, which is not so utilised shall be deemed to be the profits and gains of the business or profession of that previous year and shall be accordingly charged to income-tax as the income of that previous year.

Sub-section (7) provides that where any asset acquired in accordance with the scheme is sold or otherwise transferred in any previous year before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as relatable to the deductions allowed under sub-section (1) shall be deemed to be profits and gains of business or profession of the previous year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to income-tax as the income of that previous year. However, the provisions of this sub-section shall not apply where the asset is sold or transferred by the assessee to the Government, local authority, a corporation established by or under a Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956 or the sale or transfer of the asset is made in connection with the succession of the firm by a company in the business or profession carried on by the firm as a result of which the firm sells or otherwise transfers to the company any asset and the scheme continues to apply to the company in the manner applicable to the firm.

Sub-section (8) provides that the Central Government may omit any article or thing from the list of articles or things specified in the Eleventh Schedule by notification in the Official Gazette if it considers it necessary or expedient to do so.

Sub-section (9) provides that the Central Government may direct that the provisions of this section shall not apply to any class of assessee with effect from such date as it may specify in the notification after making such inquiries as it may think fit. The *Explanation* defines "Development Bank" to mean the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 and includes such bank or institution as may be specified in the scheme drawn in this behalf.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply to the assessment year 1987-88 and subsequent years.

Clause 9 seeks to insert a new *Explanation* (8) to clause (1) of section 43 of the Income-tax Act relating to the definition of actual cost.

Under the existing provisions of clause (1) of that section, "actual cost" means the actual cost of the asset to the assessee, reduced by that portion of the cost thereof, if any, as has been met directly or indirectly by any other person or authority. The proposed amendment seeks to clarify that any amount paid or payable as interest in connection with the acquisition of an asset and relatable to a period after the asset is first put to use shall not form part and shall be deemed never to have formed part of the actual cost of the asset.

This amendment will take effect retrospectively from 1st April, 1974 and will, accordingly, apply in relation to the assessment year 1974-75 and subsequent years.

Clauses 10 and 13 seek to amend sections 50 and 55 of the Income-tax Act respectively.

Under the existing provisions, in computing the capital gains arising on the transfer of a capital asset, an assessee is given an option to substitute the fair market value of the asset as on 1st January, 1964 for its cost of acquisition in cases where such asset was acquired by the assessee prior to that date. This option is also available in cases where such asset became the property of the assessee by any of the modes specified in sub-section (1) of section 49 and the asset was acquired by the "previous owner of the property" prior to the said date. Under the purposed amendments, the assessee will have the option to substitute the fair market value of the asset as on 1st April, 1974 for its cost of acquisition where the asset was acquired by the assessee or, as the case may be, by the "previous owner", prior to that date.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 11 seeks to amend section 54 of the Income-tax Act relating to profit on sale of property used for residence.

Under the existing provisions, if an assessee transfer his residential house giving rise to capital gains and purchases a residential house within one year before or after the date of such transfer or constructs a residential house within three years after that date, the capital gain is exempt to the extent such gain has been utilised for the aforesaid purposes.

Under the proposed amendment by sub-clause (a), the period of one year after the date of the aforesaid transfer for purchase of a residential house is being increased to two years.

Under the proposed amendment by sub-clause (b), where the aforesaid transfer is by way of compulsory acquisition, and the compensation awarded for such acquisition is enhanced by any court, tribunal or other authority, the period of one year after the date of receipt of the additional compensation for purchase of a residential house is also being increased to two years.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 12 seeks to amend section 54E of the Income-tax Act relating to exemption of capital gain on transfer of long-term capital assets in certain cases.

Under the existing provisions, where the capital gain arises from the transfer of a long-term capital asset, such capital gain will be exempt if it is invested or deposited within six months from the date of such transfer in certain specified assets mentioned in that section. The amendment

seeks to provide that in cases where the original asset is transferred after the 31st March, 1986, exemption under the section will be allowed in cases where the net consideration is invested or deposited in notified Central Government securities; notified special series of units of the Unit Trust of India; notified National Rural Development Bonds; notified debentures issued by the Housing and Urban Development Corporation Limited, and notified bonds issued by any public sector company.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 14 seeks to insert a new sub-section (4) in section 58 of the Income-tax Act relating to amounts not deductible in computing income chargeable under the head "Income from other sources".

The proposed amendment seeks to provide that no deduction in respect of any expenditure or allowance in connection with income by way of winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever, shall be allowed in computing the said income. This prohibition will not, however, apply in respect of the income of an assessee, being the owner of horses maintained by him for running in horse races, from the activity of owning and maintaining such horses.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 15 seeks to amend clause (a) of sub-section (1) of section 74 of the Income-tax Act relating to losses under the head "Capital gains".

Under the existing provisions, where the net result of the computation under the head "Capital gains" is a loss in respect of any assessment year, such loss in the case of assessees other than companies is not allowed to be carried forward unless it exceeds Rs. 5,000.

Under a separate amendment proposed by clause 23 the limit of initial deduction of Rs. 5,000 in respect of income from long-term capital gains is sought to be raised to Rs. 10,000. Accordingly, this amendment seeks to raise the limit of Rs. 5,000 under the proviso to clause (a) of sub-section (1) of section 74 of the Income-tax Act also to Rs. 10,000.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 16 seeks to amend section 74A of the Income-tax Act relating to losses from certain specified sources falling under the head "Income from other sources".

Sub-clause (a) seeks to omit sub-sections (1) and (2) of section 74A.

Under the existing provisions of sub-section (3), in the case of an assessee being the owner of horses maintained by him for running in

horse races, where the net result of computation is a loss under the source "races including horse races", so much of the loss as does not exceed the amount of loss incurred by the assessee in the activity of "owning and maintaining race horses" is allowed to be carried forward to the four assessment years next following the assessment year for which the loss was first computed.

Under the proposed amendment by sub-clause (b), the loss incurred in the activity of "owning and maintaining race horses" shall not be set off against income, if any, from any source other than the activity of owning and maintaining race horses in that year. Such loss shall be allowed to be carried forward in the four assessment years following the assessment year in which the loss was first incurred and will be set off against the income, if any, from the activity of owning and maintaining race horses.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 17 seeks to amend section 80GG of the Income-tax Act relating to deduction in respect of rents paid in cases not covered under clause (13A) of section 10.

Under the existing provisions, any expenditure incurred by an assessee [other than those covered under clause (13A) of section 10] in excess of ten per cent. of his total income towards payment of rent is allowed as deduction in computing his total income provided the amount of deduction does not exceed rupees four hundred per month or fifteen per cent. of his total income of the year, whichever is less. The amendment seeks to raise this ceiling to rupees one thousand per month or twenty-five per cent. of his total income of the year, whichever is less.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 18 seeks to amend section 80HHA of the Income-tax Act relating to deduction in respect of profits and gains from newly established small-scale industrial undertakings in rural areas.

Under the existing provisions, an assessee is entitled to a deduction of 20 per cent. of the profits and gains derived by him from a small-scale industrial undertaking set up in a rural area for the initial period of ten years. For this purpose, in a case where the previous year ends before the 1st day of August, 1980, a small-scale industrial undertaking means an industrial undertaking in which the aggregate value of the machinery and plant installed as on the last day of the relevant previous year does not exceed rupees ten lakhs. In a case where the previous year ends after the 31st day of July, 1980, this limit is rupees twenty lakhs. Under the proposed amendment, this limit is being raised to rupees thirty-five lakhs in a case where the previous year ends after 17th March, 1985.

This amendment will take effect retrospectively from 1st April, 1985 and will, accordingly, apply in relation to the assessment year 1985-86 and subsequent years.

Clause 19 seeks to omit section 80K of the Income-tax Act relating to deduction in respect of dividends attributable to profits and gains from new industrial undertakings or ships or hotel business.

This amendment seeks to discontinue the deduction allowed under the said section.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 20 seeks to amend section 80L of the Income-tax Act relating to deductions in respect of interest on certain securities, dividends, etc.

Sub-clause (a) seeks to substitute clause (ii) of sub-section (1) of that section.

Under the existing provisions, interest on such debentures issued by any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank) or any other institution or authority, as the Central Government may notify in the Official Gazette, is allowed as a deduction within specified limits. Under the proposed amendment, the debentures issued by a public sector company are also proposed to be included in this clause. A definition of "public sector company" has also been included to mean any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956.

Sub-clause (b) seeks to omit sub-section (2) as a consequential amendment to the omission of section 80K.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 21 seeks to omit section 80M of the Income-tax Act relating to deduction in respect of certain inter-corporate dividends.

This amendment seeks to discontinue the deduction allowed under the said section.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 22 seeks to omit section 80S of the Income-tax Act relating to deduction in respect of compensation for termination of managing agency, etc., in the case of assesseees other than companies.

This amendment seeks to discontinue the deduction allowed under the said section.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 23 seeks to amend section 80T of the Income-tax Act relating to deduction in respect of long-term capital gains in the case of assesseees other than companies.

Under the existing provisions, the deduction in respect of long-term capital gains in the case of assesseees other than companies is granted at the rates specified in the Twelfth Schedule to the Act with reference to the amount of such long-term capital gains as are in excess of Rs. 5,000.

Under the proposed amendment, the limit of initial deduction of Rs. 5,000 will be raised to Rs. 10,000. Further, the deduction in respect of the balance of long-term capital will be granted at the rate of 50 per cent. where the gains relate to building or lands or interest in buildings or lands and at the rate of 60 per cent. where the gains relate to other assets with reference to the amount of such long-term capital gains (as reduced by Rs. 10,000).

This amendment will take effect from 1st April, 1987 and will accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 24 seeks to omit section 80TT of the Income-tax Act relating to deduction in respect of winnings from lottery.

This amendment seeks to discontinue the deduction allowed under the said section.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 25 seeks to amend sub-section (1) of section 115A of the Income-tax Act relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

Under the existing provisions, the gross amount of income by way of royalty or fees for technical services received by foreign companies from and Indian concern under an approved agreement or from Government is chargeable to tax at the flat rate of forty per cent. A lower rate of tax at twenty per cent. is, however, payable on the gross amount of such income as consists of lump sum consideration received for the transfer outside India of, or the imparting of information outside India in respect of, any data, documentation, drawing, etc.

The proposed amendment seeks to charge income-tax on the income by way of royalty (including income by way of lump sum consideration) or fees for technical services, included in the total income, of a foreign company, at a uniform rate of thirty per cent.

This amendment will take effect from 1st April, 1987 and will accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 26 seeks to insert a new section 115BB in Chapter XII of the Income-tax Act.

Under the existing provisions, any income by way of winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever is chargeable to tax under the head "Income from other sources" along with the other incomes of an assessee.

Under the proposed amendment, the new section seeks to provide that any income of a casual and non-recurring nature as referred to above shall be charged to income-tax at a flat rate of 40 per cent.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 27 seeks to insert a new section 133B in the Income-tax Act which deals with the power to collect certain information.

Under the provisions of section 133A, an Income-tax authority has the power to enter any place at which a business or profession is carried on and to require any proprietor, employee, etc., of such business or profession to allow such authority to inspect such books of account or other documents, or to check or verify the cash, stock, etc., or to furnish such information as he may require which may be useful for, or relevant to, any proceeding under the Act. Further, under this section an Inspector of income-tax has to be specifically authorised for the purpose of inspecting the books of account or other documents.

The proposed new section 133B enables an Income-tax authority to collect any information relating to any person which may be useful for, or relevant to, the purposes of the Act and to enter into any building or place within his jurisdiction or any building or place which is occupied by and person in respect of whom such authority exercises jurisdiction for the said purpose and require any person who is the occupant of the building or place to furnish such information as may be prescribed by rules made under the Act.

Sub-section (2) specifies that the Income-tax authority may enter a building or place where business or profession is carried on only during the time at which such building or place is open for the conduct of business or profession, and in respect of any other place, after sunrise and before sunset.

Sub-section (3) clarifies that an Income-tax authority acting under this section shall not remove or cause to be removed from the building or place wherein he has entered, any books of account or other documents, or any cash, stock or other valuable article or thing.

These amendments will take effect from 1st April, 1987 and will receive the assent of the President.

Clause 28 seeks to amend section 155 of the Income-tax Act to carry out certain consequential amendments in view of the proposed amendments in section 54 of that Act by clause 11.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 29 seeks to amend clause (iib) of the proviso to section 193 of the Income-tax relating to interest on securities.

Under the existing provisions no tax shall be deducted at the time of payment of any interest payable on such debentures issued by any co-operative society (including a co-operative land mortgage bank or a co-operative land development bank) or any other institution or authority as the Central Government may notify in the Official Gazette



in this behalf. It is proposed to substitute this clause by a new clause to include the interest payable on debentures issued by public sector companies also. The definition of the expression "public sector company" has also been included on the lines of the definition of the same expression as contained in the Explanation below clause (ii) of sub-section (1) of section 80L.

This amendment will take effect from 1st June, 1986.

Clause 30 seeks to amend section 194B of the Income-tax Act relating to winnings from lottery or crossword puzzle.

Under the existing provisions, any person responsible for paying to any person any income by way of winnings from lottery or crossword puzzle in excess of one thousand rupees is required to deduct income-tax on such payment at the rates in force.

Under the proposed amendment, the said limit is being raised to five thousand rupees.

This amendment will take effect from 1st June, 1986.

Clause 31 seeks to amend section 194BB of the Income-tax Act relating to winnings from horse race.

Under the existing provisions, a bookmaker or a licensee for horse racing in any race course or for arranging any wagering or betting in any race course, who is responsible for paying to any person any income by way of winnings from any horse race in excess of two thousand and five hundred rupees is required to deduct income-tax on such payments at the rates in force.

Under the proposed amendment the said limit is being raised to five thousand rupees.

This amendment will take effect from 1st June, 1986.

Clause 32 seeks to amend section 204 of the Income-tax Act which defines the expression "person responsible for paying" in respect of certain sections of the Income-tax Act.

Under section 195 of the Act, any person responsible for paying to a non-resident Indian any interest, not being "Interest on securities", or any other sum not being dividends, which is chargeable under the Income-tax Act, is liable to deduct income tax, at the rates specified in this behalf in the Finance Act of the relevant year. The proposed amendment seeks to make an amendment in section 204 of the Act to include in that section the authorised dealer responsible for remitting any sum payable to a non-resident Indian realised as consideration for the transfer by him of any foreign exchange asset which is not a short-term capital asset, as the person responsible for paying under section 195 of the Act. Sub-clause (b) of this clause defines the expressions "non-resident Indian", "foreign exchange asset" and "authorised dealer" for the purposes of this amendment. The expressions "non-resident Indian" and "foreign exchange asset" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act and "authorised dealer" shall have the meaning assigned to it in clause (b) of section 2 of the Foreign Exchange Regulation Act, 1973.

These amendments will take effect from 1st June, 1986.

Clause 33 of the Bill seeks to amend section 269C of the Act relating to immovable property in respect of which proceedings for acquisition may be taken.

Under the existing provisions, where a competent authority has reason to believe that any immovable property of a fair market value exceeding one hundred thousand rupees has been transferred by a person to another person for an apparent consideration which is less than the fair market value of the property and that the consideration for such transfer as agreed to between the parties has not been truly stated in the instrument of transfer, the competent authority may initiate proceedings for the acquisition of such property.

Under the proposed amendment, it is provided that no such proceedings shall be initiated in respect of properties transferred after the 30th September, 1986.

This amendment will take effect from 1st October, 1986.

Clause 34 seeks to insert a new Chapter XX-C in the Income-tax Act, 1961 enabling the Central Government to purchase immovable properties in certain cases of transfer. This Chapter contains 16 sections from section 269U to section 269UO.

The provisions of the new Chapter will come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different areas.

The proposed section 269UC prohibits the transfer of any immovable property of a value exceeding Rs. 5 lakhs, as may be prescribed by rules, except after entering into an agreement for transfer between the transferor and the transferee at least three months before the intended date of transfer. The agreement should be reduced to writing in the form of a statement by each of the parties to such transfer and such statement should be in the prescribed form and contain such particulars as may be prescribed. The statement is to be furnished to the appropriate authority, constituted by the Central Government under the new Chapter, within such time as may be prescribed by rules.

The expression "transfer" has been defined in clause (f) of section 269UA to mean transfer of property by way of sale or exchange or lease for a term of not less than twelve years in respect of any land or any building or part of a building and the said expression also has been defined to mean the doing of anything (whether by way of admitting as a member of, or by way of transfer of shares in, a co-operative society or company or other association of persons or by way of any agreement or arrangement or in any other manner whatsoever) in relation to any rights in or with respect to any land or any building or part of a building.

The proposed section 269UD provides that the appropriate authority, after receipt of the statement in respect of any immovable property, may, for reasons to be recorded in writing, make an order for the purchase by the Central Government of the immovable property at an amount equal to the amount of apparent consideration. The said order has to be made within a period of two months from the end of the month in which the statement in respect of such immovable property is received by the appropriate authority.

The property in respect of which an order has been made by the appropriate authority under section 269UD shall, on the date of such order, vest in the Central Government free from all encumbrances. The transferor or any other person who may be in possession of the said immovable property shall surrender or deliver possession thereof to the appropriate authority or any other person duly authorised by that authority within fifteen days of the service of the said order. Where any person refuses to deliver possession, the appropriate authority may take possession of the property and, for this purpose, use such force as may be necessary.

It is also being provided that, where an order under sub-section (1) of section 269UD has been made in respect of an immovable property, being any rights in, or with respect to, any land or building or part of a building (whether or not including any machinery, plant, furniture, fittings or other things therein) which has been constructed or which is to be constructed, accruing or arising from any transaction (whether by way of becoming a member of, or acquiring shares in, a co-operative society, company or other association of persons or by way of any agreement or any arrangement of whatsoever nature), such order shall have the effect of vesting such right in the Central Government and place the Central Government in the same position in relation to such right as the person in whom such right would continue to vest if such order had not been made. Where such rights have vested in the Central Government, the provisions of sub-sections (1), (2), (3) and (4) of section 269UE shall, so far as may be, have effect as if the references to immovable property therein were references to such land or building or part thereof, as the case may be.

Section 269UF provides that the Central Government shall pay, by way of consideration for the purchase of the immovable property under the new Chapter, an amount equal to the amount of apparent consideration. The said amount would be tendered to the person or persons entitled thereto, within a period of one month from the end of the month in which the immovable property concerned becomes vested in the Central Government. If the Central Government fails to tender such amount, to the persons interested or to deposit the same with the appropriate authority within the period specified in the Chapter, the order to purchase the immovable property by the Central Government shall stand abrogated and the immovable property shall stand re-vested in the owner of the immovable property after the expiry of the period in question.

The proposed section 269UK lays down that no person shall revoke or alter an agreement for the transfer of an immovable property or transfer such property in respect of which a statement has been furnished unless the appropriate authority has not made an order for the purchase of the immovable property by the Central Government under section 269UD or the period specified for the making of such order has expired and in a case where an order for the purchase of the immovable property has been made under sub-section (1) of section 269UD, the order stands abrogated under the provisions of section 269UH. Any transfer of any immovable property made in contravention of the said provision will be void.

Section 269UL lays down that no registering officer appointed under the Registration Act, 1908, shall register any document which purports to transfer the immovable property exceeding Rs. 5 lakhs unless a certificate from the appropriate authority that it has no objection to the transfer of such property for an amount equal to the apparent consideration in respect of which it has received a statement is furnished along with such document. It is also being provided that no person shall do anything or omit to do anything which will have the effect of transfer of any immovable property unless the appropriate authority certifies that it has no objection to the transfer of such property for an amount equal to the apparent consideration in respect of which it has received a statement under the new Chapter. Where the appropriate authority does not make an order for purchase of the immovable property by the Central Government or where such order stands abrogated under the provisions of this Chapter, the appropriate authority shall issue a certificate of no objection to the transferor and the transferee.

Section 269UN provides that any order made by the appropriate authority under section 269UD or any order made by that authority under section 269UF shall be final and conclusive and shall not be called in question in any proceeding under the Income-tax Act or under any other law for the time being in force.

Section 269UO provides that the provisions of the new Chapter shall not apply to, or in relation to, any immovable property where the agreement for transfer of such property is made, by a person to his relative on account of natural love and affection if a recital to that effect is made in the agreement for transfer.

Clause 35 seeks to insert a new section 272AA in the Income-tax Act which deals with the penalty for failure to comply with the provisions of section 133B relating to the furnishing of information by certain persons. The new section provides for a penalty of a sum which may extend to one thousand rupees.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 36 seeks to insert a new section 276AB in the Income-tax Act to provide for penalties for failure to comply with the provisions of sections 269UC, 269UE and 269UL proposed to be inserted by new Chapter XX-C.

Section 269UC lays down restrictions on the transfer of immovable property of a value exceeding five lakh rupees except after complying with the provisions of that section. Section 269UE(2) makes it obligatory for the transferor or any other person who may be in possession of immovable property in respect of which an order of purchase has been made under section 269UD(1) to surrender or deliver possession of the said immovable property. Section 269UL(2) prohibits any person from doing anything or omitting to do anything which will have the effect of transfer of any immovable property unless the appropriate authority certifies that it has no objection to the transfer of such property for an

amount equal to the apparent consideration therefor as stated in the agreement for transfer. The new section prescribes a punishment of rigorous imprisonment for a term which may extend to two years and also of fine for the contravention of the above-mentioned provisions. It is also provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than six months.

Clause 37 seeks to omit section 276AA of the Income-tax Act which relates to failure to comply with the provisions of section 269AB or section 269-I.

Under the existing provisions, whoever, without reasonable cause or excuse, fails to comply with the provisions of section 269AB or with any direction issued under sub-section (5) of section 269-I shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine. This section is proposed to be omitted as a consequential amendment to the amendment made by clause 33 that no proceedings for acquisition under Chapter XX-A shall be taken after the 30th September, 1986.

This amendment shall take effect from 1st October, 1986.

Clause 38 seeks to omit the Twelfth Schedule to the Income-tax Act.

Under the existing provisions of section 80T, the deduction in respect of long-term capital gains in the case of assesseees other than companies is granted at the rates specified in the Twelfth Schedule on the amount of such long-term capital gains as are in excess of Rs. 5,000. Under clause 23, it is proposed to provide a deduction under section 80T in respect of long-term capital gains at the rate of 50 per cent. where capital gains relate to buildings or lands or interest in buildings or lands and at the rate of 60 per cent. where the gains relate to other assets, on the amount of such long-term capital gains as are in excess of Rs. 10,000. The proposed omission of the Twelfth Schedule is consequential to the said amendment in section 80T of the Income-tax Act.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 39 seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act.

Clause 40 seeks to amend section 5 of the Wealth-tax Act relating to exemptions in respect of certain assets.

Sub-clause (a) (i) of this clause seeks to insert a new clause (xvle) in sub-section (1). Under the proposed clause, such debentures issued by a public sector company, as the Central Government may notify in the Official Gazette, shall be exempt from wealth-tax without any monetary limit.

This amendment will take effect from 1st April, 1986.

Sub-clause (a) (ii) of this clause seeks to amend clause (xxxiii) of sub-section (1) of section 5 of the Wealth-tax Act.

Under the existing provisions, in the case of an assessee, being a person of Indian origin or a citizen of India, who has returned to India with the intention of permanently residing in India, moneys and the value of assets brought by him into India and the value of the assets acquired out of such moneys are exempt for a period of seven years commencing with the assessment year next following the date on which such person returned to India.

Item (A) seeks to provide that in the case of a person referred to in the foregoing paragraph, the moneys and the value of assets brought by him into India and the value of the assets acquired by him out of such moneys within one year immediately preceding the date of his return and at any time thereafter will qualify for exemption and will not be included in the net wealth of such a person. The exemption will, however, be limited to a period of seven successive assessment years commencing with the assessment year next following the date on which such person returned to India.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Item (B) seeks to clarify that the moneys standing to the credit of a person to whom this clause is applicable in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and any rules made thereunder on the date of his return shall be deemed to be moneys brought by him into India on that date.

This amendment will take effect retrospectively from 1st April, 1977 and will, accordingly, apply in relation to the assessment year 1977-78 and subsequent years.

Sub-clause (b) seeks to amend sub-section (3) of section 5 of the Wealth-tax Act so as to provide that the debentures referred to in clause (xvie) of sub-section (1) of this section should also satisfy the conditions relating to ownership from the date on which the debentures were subscribed to by the assessee or for a period of at least six months ending with the relevant valuation date whichever is shorter, as are applicable in the case of the Capital Investment Bonds.

This amendment will take effect from 1st April, 1986.

Clause 41 seeks to amend section 3 of the Gift-tax Act relating to charge of gift-tax.

Under the existing provisions gift-tax is charged for every assessment year commencing on and from the 1st day of April 1958 in respect of gifts made by a person during the previous year at the rates specified in the Schedule to the Gift-tax Act. The proposed amendments seek to provide that the rates specified in the Schedule to the Act will apply in respect of gifts made before the assessment year commencing on the 1st day of April 1987, and in respect of the gifts made from the assessment

year commencing on the 1st day of April, 1987 and during every subsequent year, tax shall be charged at the rate of thirty per cent.

These amendments will take effect from 1st April, 1987 and will, accordingly apply in relation to the assessment year 1987-88 and subsequent years.

Clause 42 seeks to amend section 5 of the Gift-tax Act relating to exemption in respect of certain gifts.

Under the existing provisions, gift of National Defence Gold Bonds, 1980, not exceeding the value of such bonds for an aggregate weight of five kilograms of gold in any previous year, is exempt under section 5(1) (IIa) of the Act. Gift for any charitable purpose (other than gifts to an institution or fund to which the provisions of section 80G of the Income-tax Act apply) subject to a limit of rupees one hundred for each gift and rupees five hundred in the aggregate to the same donee within the same previous year is exempt under section 5(1) (vi) of the Act. Gift to a spouse subject to a maximum of rupees fifty thousand in the aggregate in one or more previous years is exempt under section 5(1) (viii) of the Act. Gift of policies of insurance or annuities to a dependent person (other than wife) up to a limit of rupees ten thousand in one or more previous years to each donee is exempt under section 5(1) (ix) of the Act. Gifts to the extent considered to have been made *bona fide* in the course of carrying on a business, profession or vocation for the purpose of such business, vocation etc., are exempt under section 5(1) (xiv) of the Act. Gift to any other person up to a maximum of rupees five hundred in one previous year is exempt under section 5(1) (xvi) of the Act.

The proposed amendment seeks to omit clauses (IIa), (vi), (viii), (ix), (xiv) and (xvi) of sub-section (1) of section 5 of the Gift-tax Act.

As consequential amendments, reference to clause (vi) in sub-section (1A), and sub-section (3) of section 5 of the Gift-tax Act are being omitted.

Sub-section (2) of section 5 of the Gift-tax Act is also proposed to be amended to raise the initial exemption limit of rupees five thousand to rupees twenty thousand.

These amendments will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clause 43 seeks to omit section 6A of the Gift-tax Act relating to aggregation of gifts made during a certain period.

This amendment will take effect from 1st April, 1987 and will, accordingly, apply in relation to the assessment year 1987-88 and subsequent years.

Clauses 44, 45 and 46 seek to make certain consequential amendments in sections 18 and 19A of the Gift-tax Act and the Schedule thereto in view of the amendments proposed in section 3 and the omission of section 6A.

These amendments will take effect from 1st April 1987 and will, accordingly apply in relation to the assessment year 1987-88 and subsequent years.

Clause 47 seeks to amend section 4 of the Companies (Profits) Surtax Act, 1964 relating to charge of tax.

Under the existing provisions, surtax is charged in respect of so much of the "chargeable profits" of the previous year of an assessee as exceed the "statutory deduction" at the rates specified in the Third Schedule to the Act for every assessment year commencing on or after 1st April, 1964. The proposed amendment seeks to discontinue the levy of surtax in relation to the assessment years commencing after 31st March, 1988.

This amendment will take effect from 1st April, 1988 and will, accordingly, apply in relation to the assessment year 1988-89 and subsequent years.

Clause 48 read with the Second Schedule seeks to amend the Customs Tariff Act, 1975, to—

(i) remove the basic customs duty (preferential) on fruits of the genus capsicum or of the genus pimenta;

(ii) raise the rate of basic customs duty on caustic soda in lye or liquid form;

(iii) raise the rate of basic customs duty on Terephthalic acids and its salts and also to raise the rates of basic customs duty (standard) and (preferential) on Dimethyl Terephthalate;

(iv) raise the rate of basic customs duty on polyvinyl chloride in primary form;

(v) raise the rate of basic customs duty on wall paper and similar wall coverings, coated or covered with layer of plastics;

(vi) raise the rate of basic customs duty on certain specified machinery and mechanical appliances;

(vii) raise the rate of basic customs duty on certain specified electrical machinery and equipments;

(viii) raise the rate of basic customs duty on vessels and other floating structures for breaking up.

Clause 49 seeks to levy upto the 31st March, 1987 auxiliary duties of customs on all imported goods at the rate of 50 per cent. of their value.

Clause 50 seeks to substitute sub-section (1) of section 16 of the Customs Act, 1962, to the effect that the date for determination of rate of duty and tariff valuation of export goods would be the date on which the proper officer makes an order permitting clearance and loading of the goods for exportation under section 51 of the said Act, instead of the date on which the shipping bill or bill of export in respect of such goods has been presented under section 50 of that Act.

Clause 51 seeks to amend section 37 of the Central Excises and Salt Act, 1944, so as to empower the Central Government to make rules for



providing credit of duty paid or deemed to have been paid on goods used in the manufacture of excisable goods.

Clause 52 read with the Third Schedule seeks to amend the Schedule to the Central Excise Tariff Act, 1985, to—

(a) make a minor drafting change in rule 2 of the rules for interpretation of the Schedule;

(b) raise the basic excise duty on—

- (1) coffee;
- (2) tea;
- (3) fixed vegetable oils;
- (4) preparations of vegetables, fruit, nuts or other parts of plants;
- (5) preparations with a base of tea or coffee;
- (6) miscellaneous edible preparations;
- (7) residues and waste from the food industries;
- (8) biris;
- (9) marble;
- (10) mineral fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes;
- (11) inorganic chemicals, organic or inorganic compounds of precious metals, of rare earth metals, of radio-active elements or of isotopes;
- (12) organic chemicals;
- (13) pharmaceutical products;
- (14) tanning and dyeing extracts, tannins and their derivatives; dyes, colours, paints and varnishes; putty, fillers and other mastics, inks;
- (15) essential oils and resinoids, perfumery, certain cosmetics and toilet preparations;
- (16) soap, organic surface active agents, washing preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a basis of plaster;
- (17) albuminoidal substances, glues and enzymes;
- (18) explosives; pyrotechnic products; pyrophoric alloys and certain combustible preparations;
- (19) photographic or cinematographic goods;
- (20) miscellaneous chemical products;
- (21) plastics and articles thereof;
- (22) rubber and articles thereof;
- (23) leather;

- (24) wood and articles of wood;
- (25) paper, paper board and articles thereof;
- (26) cotton yarn including yarn containing polyester staple fibre;
- (27) yarn of artificial staple fibre and polyester staple fibre;
- (28) yarn of artificial staple fibres, not containing synthetic staple fibre;
- (29) metallised yarn;
- (30) textile fabrics, impregnated, coated, covered or laminated with plastics;
- (31) fabrics covered with textile flocks;
- (32) ceramic products;
- (33) glass and glassware;
- (34) slotted angles, slotted channels, certain other specified goods of iron or steel, clad;
- (35) iron and steel;
- (36) copper and articles thereof;
- (37) nickel and articles thereof;
- (38) aluminium and articles thereof;
- (39) lead and articles thereof;
- (40) zinc and articles thereof;
- (41) tin and articles thereof;
- (42) other base metals, cermets and articles thereof;
- (43) tools, implements, cutlery, spoons and forks of base metal, and parts thereof;
- (44) miscellaneous articles of base metals;
- (45) machinery and mechanical appliances and parts thereof;
- (46) electrical equipment and parts thereof;
- (47) railway or tramway locomotives, rolling stock and parts thereof, railway or tramway track fixtures and fittings and parts thereof, traffic signalling equipment;
- (48) vehicles other than railway or tramway rolling stock, and parts and accessories thereof;
- (49) aircraft, space craft and parts thereof;
- (50) ships, boats and floating structures;
- (51) optical, cinematographic, photographic, measuring, checking, precision, medical or surgical instruments and apparatus, parts and accessories thereof;
- (52) clocks and watches and parts thereof;
- (53) musical instruments, parts and accessories of such articles;

- (54) arms and ammunition, parts and accessories thereof;
  - (55) pre-fabricated buildings;
  - (56) toys, games and sport requisites, parts and accessories thereof;
  - (57) miscellaneous manufactured articles;
- (c) to change the tariff description of—
- (1) heading No. 24.02 relating to cigars and cheroots;
  - (2) heading No. 32.12 relating to dyes and colouring matter so as to restrict its scope only to materials put up in forms, or small packings of a kind used for domestic or laboratory purpose;
  - (3) sub-heading No. 4408.40 relating to plywood so as to exclude cutting and trimmings of plywood of width exceeding 5 cms. from its scope;
  - (4) heading No. 48.05 relating to paper boards so as to clarify that such paper board need not contain mechanical pulp;
  - (5) sub-heading No. 4807.91 relating to straw board so as to restrict its scope only to paper board made by sun-drying method;
  - (6) heading No. 52.03 relating to cotton yarn so as to specify that the duty rates given are per kilogram per count;
  - (7) cotton fabrics;
  - (8) heading No. 53.03 so as to fix nil rate of duty for ramie yarn made without the aid of power;
  - (9) fabrics of man-made filaments and man-made staple fibre;
  - (10) heading No. 55.05 relating to yarn of artificial staple fibres, so as to clarify that the duty rates specified are per kilogram per count;
  - (11) sub-heading No. 7014.00 relating to glass fibre so as to bring within its scope glass filaments;
  - (12) heading No. 84.23 relating to weighing machinery so as to exclude weighing machinery of sensitivity of 5 centigrams or better from its scope;
- (d) to change the Chapter Notes in respect of—
- (1) heading No. 21.06 relating to pan masala so as to provide that in respect of such preparations, labelling, relabelling or repackaging would constitute manufacture;
  - (2) Chapters 22 and 29 and make consequential changes in the tariff descriptions of sub-heading Nos. 2902.20 and 2204.00 to reclassify power alcohol under Chapter 22;
  - (3) heading Nos. 31.02 to 31.05 to clarify that these headings cover fertilisers even when they are clearly not to be used as fertilisers;
  - (4) heading No. 32.04 relating to synthetic organic dyestuffs to provide that "manufacture" would include conversion of unformulated, unstandardised or unprepared forms into their formulated, standardised or prepared forms;

- (5) heading No. 33.07, so as to exclude odoriferous preparations from its scope;
  - (6) heading No. 39.23 (renumbered as 39.22) relating to articles of plastics so as to include within its scope transmission, conveyor or elevator belts, household plastic articles and other articles of plastics;
  - (7) heading Nos. 40.02, 40.03 and 40.05 relating to rubber so as to include within its scope latex and other dispersions and solutions;
  - (8) heading No. 52.01 relating to waste yarn so as to restrict its scope only to such wastes as may arise prior to removal of yarn for weaving;
  - (9) heading No. 54.01 relating to wastes so as to bring within its scope waste arising in manufacture of strips and the like of synthetic or artificial textile materials;
  - (10) heading Nos. 54.02 and 54.04, so as to provide that assessment of mother yarn shall be on the basis of the denier of single monofilament yarn comprising such mother yarn;
  - (11) sub-heading No. 5503.39 relating to waste yarn so as to restrict its scope only to such waste yarn as may arise prior to the removal of yarn for weaving;
  - (12) heading No. 72.15 relating to iron and steel so as to provide that products obtained by breaking of ship and other vessels would be classifiable under this heading;
  - (13) heading No. 73.09 relating to articles of iron and steel so as to provide that products obtained by breaking of ship and other vessels would be classifiable under this heading;
- (e) to change the tariff description and to restructure the duty rates in respect of—
- (1) products of the milling industry;
  - (2) beet sugar;
  - (3) molasses;
  - (4) beverages and ice;
  - (5) bitumen and asphalt;
  - (6) anhydrides of sulphuric acid; sulphonitric acids; zinc peroxide;
  - (7) synthetic organic dyestuff including pigment dyestuff;
  - (8) mixtures of odoriferous substances and mixtures of one or more of these substances, of a kind used as raw materials in industry;
  - (9) articles of plastics; polyphenylene oxide;
  - (10) printed boxes, cartons, containers and cases, made of paper and paper boards;
  - (11) waste of synthetic and artificial filaments;
  - (12) acetate filament yarn;

- (13) iron or steel wire;
- (14) iron or steel and products thereof, obtained by breaking of ships and other floating vessels, by creating a new sub-heading;
- (15) wires, cables, plaited bands and the like of copper;
- (16) wires, cables, plaited bands and the like of aluminium;
- (17) parts and accessories of air or vacuum pumps, air or other gas compressors and fans, etc.;
- (18) automatic goods vending machines;
- (19) taps, cocks, valves and similar appliances;
- (20) balances;
- (21) automatic regulating or controlling instruments and apparatus.

Clause 53 seeks to levy up to the 31st day of March, 1987, special duties of excise on all excisable goods at the rate of 10 per cent. of the duty leviable under the Central Excise Tariff Act.

Clause 54 seeks to amend section 2 and section 3 of the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, to—

- (1) raise the rate of cess from 1.9 to 2.5 paise per square metre;
- (2) to redefine the expression "cloth" in the light of Central Excise Tariff Act.

Clause 55 read with the Fourth Schedule seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, to modify—

- (1) heading No. 17.01 relating to sugar to prescribe rate of duty for sugar, other than khandsari;
- (2) heading No. 24.02 relating to cigar and cheroots so as to reduce the duty;
- (3) Chapters 52, 54 and 55 relating to fabrics of cotton, man-made filament yarn and man-made fibres so as to raise the rate of duty;
- (4) heading No. 59.03 relating to impregnated, coated or laminated fabrics so as to raise the rate of duty.

Clause 56 read with the Fifth Schedule seeks to amend the Schedule to the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 so as to bring within its purview metallised yarn and embroidery.

## FINANCIAL MEMORANDUM

Clause 27 of the Bill seeks to insert a new section 133B in the Income-tax Act, 1961 giving additional powers to income-tax authorities to collect certain information with a view to widening the tax base. The implementation of the provisions of this section will call for the appointment of additional officers and staff who will be required to conduct surveys and provide administrative support. The administrative expenditure likely to be involved in the first year on this account is estimated at Rs. 314.22 lakhs.

2. Clause 34 of the Bill seeks to insert a new Chapter XXC in the Income-tax Act, 1961 to provide for the purchase of immovable properties by the Central Government in certain circumstances. Section 269UB included in this Chapter envisages appointment of appropriate authorities for the purpose of implementing the provisions of this Chapter. This will require the creation of an additional administrative organisation in the four metropolitan cities wherein it is proposed to make the Chapter applicable initially. The administrative expenditure involved in respect of these cities in a year is estimated at Rs. 24.60 lakhs.

3. In addition, funds will be required to pay, under section 269UF, for the properties to be purchased by the Government under the proposed Chapter. The requirement on this account in the financial year 1986-87 is estimated at Rs. 50 crores.

4. The financial implications involved in the proposals referred to above are summarised as under:—

## A—RECURRING EXPENDITURE

*Pay and allowances of officers and staff*

	<i>Rs. in lakhs</i>
(i) For implementing the provisions of new section 133B	301.22
(ii) For implementing the provisions of new Chapter XXC of the Act	12.60
TOTAL	313.82

## B—NON-RECURRING EXPENDITURE

*Furniture, office equipment, etc.*

(i) For implementing the provisions of new section 133B	13.00
(ii) For implementing the provisions for Chapter XXC of the Act	12.00
(iii) Funds for payment of consideration for properties purchased by the Central Government	5000.00
TOTAL	5025.00
TOTAL EXPENDITURE:	5338.82

5. The provisions of the Bill will not involve any other expenditure of a recurring or non-recurring nature:

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 8 of the Bill proposes to introduce a new section 32AB relating to investment deposit account. Under this new section, where an assessee whose total income includes income chargeable to tax under the head "Profits and gains of business or profession", has, out of such income, deposited any amount with the Industrial Development Bank of India in accordance with the scheme to be framed by the Central Government or utilised any amount during the previous year for the purchase of any ship, aircraft, machinery or plant for the purposes specified in such scheme, the assessee shall be entitled to a deduction of a sum equal to the amount deposited or the aggregate of the amounts so deposited and any amount utilised for the purchase of ship, aircraft, machinery or plant, or a sum equal to twenty per cent. of the profits of eligible business or profession, whichever is less. The expression "eligible business or profession" would not include the business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule to the Act carried on by an industrial undertaking other than a small-scale industrial undertaking. The scheme to be framed by the Central Government under this section will indicate the manner in which the amount has to be deposited, the assets for which the money could be utilised, and other necessary details. Sub-section (5) of this section requires an assessee to furnish along with his return of income the report on the audit of accounts in the form to be prescribed by rules, duly signed and verified by an accountant for claiming the allowance under the section. Sub-section (8) of this section empowers the Central Government to omit any article or thing from the list of articles or things specified in the Eleventh Schedule to the Act if it considers it necessary or expedient so to do. Sub-section (9) of this section empowers the Central Government to direct, after such inquiry as it may deem fit, that the provisions of section 32AB shall not apply to any classes of assessee with effect from such date as may be specified in the notification.

Clause 12 of the Bill seeks to insert a new clause in *Explanation 1* to sub-section (1) of section 54E of the Income-tax Act which empowers the Central Government to notify Bonds issued by any public sector company for the purposes of the said clause. Likewise, clause 40 of the Bill, which seeks to amend sub-section (1) of section 5 of the Wealth-tax Act also enables the Central Government to specify by notification the debentures issued by a public sector company which would get exemption from payment of wealth-tax.

Clause 27 of the Bill seeks to insert a new section 133B in the Income-tax Act which empowers an Income-tax authority to enter any building or place within the limits of his jurisdiction or occupied by any person in respect of whom he exercises jurisdiction and require any person who is the occupant of the building or place to furnish such information as may be prescribed by rules.

Clause 34 of the Bill seeks to insert a new Chapter XXC in the Income-tax Act which provides for purchase by Central Government

of immovable properties in certain cases of transfer. Clause (b) of new section 269UA defines the expression "apparent consideration". This definition deals with two kinds of properties and it provides that the value of the consideration payable after the date of agreement for transfer shall be deemed to be the discounted value of such consideration for transfer, determined by adopting such rate of interest as may be prescribed by rules. New section 269UB which provides for the constitution of appropriate authorities under the new Chapter, empowers the Central Board of Direct Taxes to make rules to specify the appropriate authority who will perform the functions in relation to a property if it is situate within the local limits of jurisdiction of two or more appropriate authorities. New section 269UC specifies that no transfer of any immovable property of such value, exceeding five lakh rupees, as may be prescribed by rules, shall be effected except after an agreement for transfer is entered into between the transferor and the transferee at least three months before the intended date of transfer. Sub-section (3) of this section requires the agreement to be entered into between the transferor and the transferee to be in the prescribed form, and shall contain such particulars and be verified in the manner prescribed by rules. It also requires that the statement shall be furnished to the appropriate authority in such manner and within such time as may be prescribed by rules by each of the parties to such agreement or by any of the parties to such agreement, acting on behalf of himself and on behalf of the other parties to such agreement.

Clause 51 of the Bill seeks to insert a new clause (xvii) in section 37 of the Central Excises and Salt Act, 1944, to empower the Central Government to make rules to provide for the credit of duty paid or deemed to have been paid on the goods used in, or in relation to, the manufacture of excisable goods.

The matters in respect of which notifications may be issued or rules may be made in accordance with the aforesaid provisions are matters of procedure and detail, and it is not practicable to provide for them in the Bill itself.

The delegation of legislative powers is, therefore, of a normal character.

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SUBHASH C. KASHYAP,  
*Secretary-General.*